



THE TRANSIT AUTHORITY OF RIVER CITY'S

INTERNAL INVESTIGATION INTO FERDINAND RISCO

Dated: September 8, 2020

ABOUT THIS REPORT AND THESE AUTHORS

This report provides a thorough analysis of the allegations surrounding Ferdinand Risco's sexual harassment and intimidation, carefully examines aspects of his financial stewardship, and describes the remedies and measures put in place by the Interim Executive Team to prevent any repeat of these abuses. At the direction of the TARC Board, this report has been made public to both restore TARC's 46-year image as a foundational part of this community and to assist the community by identifying remedies implemented as part of that restoration.

In February 2020, each of the authors agreed to take an interim role at TARC to help guide the organization in the wake of Risco's scandals. They agreed to take these roles temporarily to avoid any appearance of impropriety or question of self-interest. They are:

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Laura Douglas, a Kentucky Bar Association Member, has served as General Counsel for the Louisville Water Company, General Counsel for the Metropolitan Sewer District, and in-house counsel for Standard Oil Company. She has also served as Secretary of the Public Protection and Regulation Cabinet. She was responsible for the Public Service Commission, the Department of Insurance, the Department of Financial Institutions, the Racing Commission, and other state regulatory agencies. She retired in 2017 as LG&E and KU Energy's first Vice President of Corporate Responsibility and Community Affairs. Additionally, she has a background in diversity and inclusion and served as Director of Affirmative Action for the University of Iowa. Laura is a dedicated community volunteer who currently serves on the boards of The Muhammad Ali Center, OneWest, The Lincoln Foundation, the Louisville Tourism Commission and Republic Bank.

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Margaret Handmaker, a Kentucky Bar Association Member, spent 30 years at Mercer where she was a Worldwide Partner and Managing Director. At Mercer, she advised companies on financial strategies and regulatory matters. She took a leave of absence for two years to be the Revenue Secretary for the Commonwealth of Kentucky where she focused on process improvements and compliance. After retiring from Mercer, she was the interim Executive Director for the Downtown Development Corporation, Chief of Economic Development for Louisville Metro Government, and Interim Executive Director for a division of Bloomberg Philanthropies.

MATTHEW GOLDEN, *Interim General Counsel*

Matt Golden, a Kentucky Bar Association Member, retired from the Jefferson County Attorney's Office in October 2019. His last position was that of First Assistant, the highest appointed position in that office. In that role, he was responsible for the oversight of approximately 120 attorneys and 300 support staff. In his more than two decades of public service work, he has also served the County Attorney as Civil Division Director, Tax Department Chief, Civil Litigator and Criminal Prosecutor. During those years, he was also a partner in parallel private practices advising individuals and companies on complicated legal matters including fraud and financial impropriety.

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EXECUTIVE SUMMARY

On the evening of February 11, 2020, the Deputy Mayor of Louisville, Ellen Hesen, met with Ferdinand Risco, the Executive Director of the Transit Authority of River City (hereinafter “TARC”). Risco had been TARC’s Executive Director for fourteen months. The meeting would spell the end of the Executive Director’s career at TARC. At that meeting, Hesen told Risco that she had seen evidence of his wrongdoing, including sexually explicit text messages. She told him clearly and forthrightly that he was “done.” She asked for his resignation and he complied. Deputy Mayor Hesen gave him an hour to collect his things from TARC in the presence of a TARC employee. This ended one of the worst periods in TARC’s 46-year history. From all indications, Risco left town that night.

Here’s how we arrived at this critical and decisive juncture. In late January, three weeks before the February 11, 2020, meeting, a compliance officer came forward to the TARC Board to detail Risco’s history of sexual harassment and victimization of several women. As is detailed in this report, once that compliance officer came forward, TARC’s Board of Directors took immediate action to investigate Risco, validate the claims against him, and remove him.

In the days that led up to that conclusive February 11, 2020, meeting, TARC’s Board retained independent investigative counsel who, in turn, interviewed witnesses and verified the women’s claims. The Board’s actions were quick and thorough. Then, on February 10, 2020, the TARC Board was advised that there was sufficient evidence for Risco’s removal. The following day, February 11, 2020, the evidence against Risco came into the public eye from a number of directions. Risco attended a Metro Council meeting and was publicly confronted with evidence of these claims by the news media. The Metro Council President received some of the evidence and shared it with the Deputy Mayor. That night, Risco met with Deputy Mayor Hesen and was gone.

TARC is a critical element to the function of Greater Louisville. It was imperative that new interim leadership was installed quickly, day-to-day operations continued, and Risco’s wrongs were fully investigated. It was also profoundly important for the TARC Board and the interim team to revisit, revamp, and create new policies to ensure this misconduct and mismanagement could never be repeated.

During the investigation into Risco, discoveries were made not only of his sexual misconduct but also of severe financial improprieties that occurred under his management. Additionally, substantive defects were recognized in TARC’s organizational structure that Risco either fostered, took advantage of, or allowed to continue for his benefit. As is discussed herein, he systematically alienated the Board and employees and actively created structures that allowed him to take financial advantage of TARC and sexual advantage of TARC’s staff.

This report aims to examine Ferdinand Risco’s acts and recognize the internal deficiencies that Risco utilized or exploited to achieve his ends. This report is divided into several sections, with each examining a different aspect of Risco’s tenure. Each section concludes with a series of recommendations for improvements. Where appropriate, these improvements were immediately implemented by the Interim Team and the TARC Board as is discussed within this report.

Section 1, entitled Hiring Ferdinand Risco, examines how Risco came to be TARC's Assistant Executive Director. It provides a historical review of the national campaign to source a new Assistant Executive Director and properly vet the candidates by two separate interview teams consisting of internal and external interviewers, including TARC's Board Chair. This section also concludes that Ferdinand Risco was unanimously identified as the top candidate. Risco was well known in the transit industry, and the then Executive Director, Barry Barker, did multiple background inquiries about Risco with Risco's current employer and leaders in the industry. Risco was highly credentialed, he was smart and progressive, and there was no indicia or warning signs present during his candidacy. Barker and the Board Chair were aware that the person hired was the probable successor to Barker upon his retirement. They subjected Risco to scrutiny because of this fact. Risco's experience, vision and reputation led to a job offer, and Risco was employed by TARC in February 2017.

Risco served as Barry Barker's Assistant Executive Director for almost two years. During that period of time, there was little to *outwardly* indicate any problems and he had the full support of the Board. However, it is now known that he began to sexually harass at least one victim while he was Assistant Executive Director in late December 2017, and she did not report that harassment after securing a promotion to a management position. Another employee was sexually harassed in October 2018, just prior to Barker's retirement, but she did not immediately report it either. For all intents and purposes, with the exception of two employees who did not report, Risco outwardly maintained boundaries until Barry Barker announced his retirement and left TARC on December 1, 2018. As will be discussed in other sections, this date marks a watershed for Risco, with most of his misdeeds occurring *after* Barker's departure.

Section 1 concludes that the hiring of Ferdinand Risco as Assistant Executive Director and his subsequent appointment to the Executive Director position was thorough with at least one exception: a lack of documentation surrounding Risco's background checks. In 2018, TARC began to utilize "Good Hire" software for automated background checks. However, at the time of Risco's hire in 2017, background checks were still a manual process. The person who was responsible for performing the background checks was the head of TARC HR, but she recused herself from the evaluation process because she was also a candidate for the Assistant Executive Director position as well. For that reason, it is unclear if another person was assigned the responsibility for a traditional background check. We have been unable to find documentation that the background check that should have been done was actually done. To assess this flaw's importance, the Interim Team hired a former FBI agent to conduct a background search on Risco. That search came back clear with only one matter that raised concern, namely, that Risco and his wife were the subjects of a Connecticut foreclosure in 2014 concerning a piece of real property. The foreclosure was initiated two years after they moved to another state. This matter should have been investigated.

Section 1 also examines information that came to light *after* Risco left TARC's employ in February 2020, namely that he may have had similar conduct at his former employment at Metro Atlanta Rapid Transit Authority ("MARTA"). However, all evidence indicates that there were no formal complaints made against Risco and no official complaints exist. There was nothing in Risco's personnel file to indicate that such allegations were made. MARTA executives expressed

no concerns or knowledge of such allegations when talking with Barker. For that reason, it is difficult to assign any blame for unknown, undocumented and undisclosed allegations.

To remedy any deficiencies and assure the community that the next set of candidates for the Executive Directorship are properly scrutinized, TARC has implemented several measures. TARC has engaged a highly qualified national executive search firm to source candidates and examine those candidates for the position. That firm will conduct background checks on the candidates and run a “360” review of the top candidates, speaking to supervisors, peers and subordinates at prior employment. TARC has conducted a multi-track review process of the candidates with TARC leaders, members of the Board’s Search Committee, the full Board, the Mayor and the Deputy Mayor. TARC has also hired a former FBI agent’s investigatory firm to conduct an independent background check. This background check is run independently from the search firm’s checks to give a secondary review. The process subjected the top candidates to interviews and the interview teams have specifically asked about matters of concern that may not have been revealed in any process, an important factor in an at-will state. All of these recommendations were adopted and followed by the Interim Team, the Search Committee of the Board, the full Board of Directors and the Mayor’s office in vetting candidates to replace Risco as TARC’s new Executive Director.

Section 2, Entitled Sexual Harassment, represents the full report of TARC’s external investigators, Donna Perry and Tammy Bennett, who were hired to independently review the claims and allegations of Sexual Harassment and interview others to assess the allegations validity. Rather than attempting to condense the Investigator’s report, it is incorporated in full and verbatim in Section 2. The only modification was to include footnotes, where appropriate, to aid the reader.

Section 2 begins with a discussion of how the sexual harassment allegations came to light in late January 2020, when a compliance officer at TARC, known in this report as “Witness C,” came forward with allegations that Ferdinand Risco had sexually harassed TARC employees and an independent contractor. The report indicates that Risco began a course of sexual harassment in late December 2017 with Witness A, where the two separately attended the same social gathering. Risco began texting Witness A and asked to spend time with her alone. During their first meeting, Witness A stated that Risco asked her to be his “f***-buddy”. Witness A declined. She stated that she did not report the incident for fear she wouldn’t be believed. There are texts Risco sent to Witness A, which appear to corroborate her report, and which comment on her undergarments in a sexually provocative manner.

Later, in August 2018, Risco returned his attention to Witness A, asking her again to be a “f***-buddy.” According to the report, Risco offered to give her a promotion if she submitted to having sex with him. Witness A did not submit to his demand for sexual intercourse and she did not report the harassment. Thereafter, she received notice that her request for a promotion was denied. In response, she retained legal counsel. Prior to Witness A’s attorney notifying TARC of her concerns, Witness A decided to “not push the button.” Shortly thereafter, she was promoted to a new position. She did not come forward with these allegations.

Then, in March 2019, Witness A attended a party at Risco’s apartment. She reported that as she was leaving his apartment, Risco slammed the door shut, pinned her against the wall and

exposed his penis to her. According to Witness A, other attendees did not observe this encounter because the door was shut. Again, she did not come forward with these allegations.

In late 2018, another woman, Witness D, was required to spend considerable time with Risco as part of her job, including traveling. During a trip, he made several sexually suggestive and inappropriate comments to her. He insinuated that he wanted to “f*** her.” Then, he told her at the conference, she needed to stay close to him because she was “fresh meat” implying that other conference attendees would pursue her for sexual relations. This Witness reports that she came forward in April 2019 to Witness C, a TARC compliance officer charged with investigating sexual harassment matters. However, it appears that Witness D was terminated quickly thereafter and that Witness C did not launch an investigation in accordance with her responsibilities.

Section 2 also examines Risco’s relations with an individual known as Contractor. According to Contractor, Risco began behaving in a sexually inappropriate manner in late February 2019, shortly after her contractual relationship with TARC began. Initially, Risco sent Contractor off-color jokes and sexually suggestive text and signal messages. He also discussed his desire to have sexual relations with her. According to Contractor, on four separate occasions, Risco attempted to or actually engaged in sexual activity with her. The first incident took place on or about late February 2019 at a hotel in Louisville. Contractor’s attorney has stated that this first instance was consensual. In April 2019, while attending a diversity conference in Dallas, Texas, Contractor stated that Risco grabbed her, tried to lift her shirt and attempted to sodomize her while she was in his hotel room. Contractor stated that she never reported the attempted sodomy to police, hotel security, or the TARC Board or any of its members. According to Contractor, in late April or early May, she shared the incident with Witness B. During her interviews, Witness B did not provide an account of this incident. Contractor indicated that she did not report his conduct to anyone other than Witness B, but that it was out of fear from Risco’s explosive temper and not because she feared she might lose her Contract.

In May 2019 at a hotel in Louisville, KY, Risco engaged in sexual activity with Contractor again. Risco asked Contractor to go to the bar at the hotel where she was staying and then, according to her, he asked if he could go lay down in her room to help reduce his stress. At some point, while Contractor was sitting in a chair, Risco began performing oral sex on her. Contractor denied that the sexual activity was consensual. She did not report this incident either. According to her statements, she was fearful of him losing his temper and subjecting her to public humiliation and expressed little to no concern about fear of losing her contract.

In July 2019, while attending a conference in Tampa, Florida, Risco engaged in another sex act with Contractor. According to Contractor, she was in Risco’s hotel suite sitting beside him discussing strategy for the next day when Risco “got on top of [her].” Contractor indicated that she “blacked out”, i.e., became numb, while he engaged in sexual intercourse with her. Contractor did not report this incident. Contractor states that this is the last instance of sexual relations between her and Risco. Based upon text messages discussed later in the report, this may not be accurate.

In Section 2, the TARC External Investigator also examines some of the suspicious aspects of the Contractor’s relations with Risco and the awards of no-bid contracts to her for which she did little to no work. Contractor’s contractual relationship is more fully explored in

Section 5, below, and both sections indicate Contractor received substantial financial benefit under dubious circumstances. Contractor received more than \$228,000.00 in the space of a little more than a year. Contractor also shared with Witness B that she had sexual relations with another client in at least one prior instance. She explained to Witness B that “she gets paid to walk away” by filing a lawsuit after engaging in sexual relationships with a client. However, it cannot be disputed that Contractor received numerous sexually suggestive and lewd messages from Risco that were violative of both sexual harassment policies and procurement policies as addressed in Section 5. One important note as part of the investigative efforts, Contractor ceased cooperating with TARC’s external investigator and, through her attorney, indicated that she would also not cooperate in the future.

In addition to the overt sexual acts, Section 2 details Risco’s inappropriate sexual behavior including simulated Sexual Acts in front of Witness B. Witness B indicated that on three separate occasions Risco simulated sexual masturbation in her presence and commented that “one day [someone is] going to walk in and see something.” Contractor reported similar occurrences.

Section 2 demonstrates that Risco subjected several of the witnesses to unwanted sexual advances, off color comments and sexually charged behavior. The Investigator reported lewd comments, sexual gestures, sexually suggestive messages and a demand for sexual intercourse in exchange for a job promotion as part of Risco’s overall conduct. The TARC External Investigator states that the witness interviews and the corroborative evidence, “sufficiently established that Risco habitually subjected TARC employees to inappropriate sexual behaviors.” As stated in Section 2:

The information gathered from several internal witnesses revealed a pattern of behaviors exercised by Risco to groom, discredit, isolate, intimidate and economically control his targets. He methodically created a paradoxical culture of fear and personal loyalty that rendered his targets’ silent. Likewise, he exploited his position and used economic control as a form of manipulation to make his targets feel obligated to him. For example, he frequently placed targets-survivors in positions with high salaries, which were unwarranted by the position and/or the knowledge, skills, experience and abilities of the targeted-survivor. His hiring and promotion patterns indicate that his selections were disproportionately women who lacked direct experience in the requisite position and who had primary financial responsibilities for their families.

It is likely *because* of Risco’s pattern of behaviors towards his victims that no one came forward to report. They were silent. Section 2 indicates that no one reported any instances of Risco’s behavior to the Board or any affiliated entities until Witness C came forward in late January 2020. The TARC External Investigator indicates that, once placed on notice of the allegations, the TARC Board took prompt action. As the preliminary review into his misconduct progressed, Risco resigned his employment with TARC on February 11, 2020. Thereafter, the Board effectuated appropriate remedial actions to prevent recurrence and identified and implemented best practices to repair and rebuild a healthy work environment at TARC.

Section 2 also reviews the relevant policies and practices at TARC and then focuses on the organizational deficiencies and control structures that Risco exploited. Section 2’s review includes

an examination of the failures in the internal reporting mechanisms and reasons or barriers that caused target victims to fail to report their abuse and trauma until late January 2020. It also examines that at least one person—Witness C who was responsible for investigation of sexual harassment complaints—had received a complaint of alleged sexual misconduct in April 2019 committed by Risco and failed to carry out her duty to promptly investigate or report until late January 2020, ten months later.

The TARC External Investigator found that TARC’s policies and training programs were outdated and not reflective of a modern approach to harassment prevention education and training in the wake of the #MeToo movement. In this instance, however, *“flawless policies and training could not have withstood Risco’s flagrant misuse and abuse of power.”*

Section 2 concludes with several recommendations, including that TARC conduct a review of organizational design, functions, roles and responsibilities. The report also suggests a review of administrative policies and procedures, a strengthening of the Office of Diversity and Inclusion’s compliance functions, including, among other enhancements mandatory training and organization wide surveys on sexual harassment, enhanced communication, and an evaluation of protocols. Many of these recommendations are addressed in Section 3.

Section 3, entitled Structures Exploited for Sexual Harassment, further explores some of the organizational deficiencies identified in Section 2 that Risco either took advantage of or actively fostered at TARC. It is clear that Risco groomed and targeted several women for sexual harassment and abuse from the Investigator’s report. It is also clear that Risco’s treatment of the TARC Board and employees at TARC also evidences a clever manipulation of structures to limit their oversight of him.

Risco’s interactions with the TARC Board are telling, especially when compared to Board relationships under the previous Executive Director, Barry Barker. Barker had maintained a very good working relationship with the Board during his 25-year tenure. He regularly called the Board members and interacted with them. He also allowed others within the TARC organization to have direct communications with the Board members. As a result, the Board was able to converse with the directors for needed information and employees were able to feel comfortable communicating back with the Board.

That changed in the time period from December 2018 to February 2020, the 14 months when Risco was Executive Director (either in an interim or actual capacity). During that time, Risco appears to have gradually alienated the Board. This is especially so after April 2019 when he was named *permanent* Executive Director. It is the opinion of these authors that Risco waited until he secured the “top spot” prior to isolating the Board.

His isolation efforts were gradual. First, Risco began to limit access that his employees had with the Board. The employees were no longer presenting matters; Risco presented everything. His presentation of information was always at the last minute, and he would not “front load” information before board meetings as had been done previously.

That caught the Boards attention, and it made them uncomfortable. Board members began requesting additional information and committee structures wherein the Board could have access

to employees and also to pertinent information as it developed. In the fall of 2019, there was nothing specifically known to the Board to cause the concern, but there was a general sense that the Board was being sidelined and it wanted to bring back controls.

Compounding these problems were the significant changes in the Board that occurred in the fall of 2019. As detailed in Section 3, the long-time chair left, and new board chair was appointed, but she in turn became sick. In six months, the Board had three different Board Chairs. This resulted in three open seats on the Board. Despite these challenges, the remaining board members began to demand more scrutiny.

Risco responded in two ways. First, he began to cancel Board meetings. From September to December, Risco canceled both the November and December meetings. This concerned one board member so much that she had a meeting with him in December of 2019 and told him that if he didn't start having meetings and give her the committee structure that she was demanding, she would not approve a single resolution he brought forth. She would shut down his ability to do anything.

Secondly, Risco appears to have been engaged in lying to the Board over significant matters. As is discussed in greater detail in Section 5, Risco began actively deceiving the Board including over the award of Contractor's contracts.

As is discussed in Sections 2 and 7, the Board was not made aware of Risco's sexual improprieties until the end of January 2020 and he was gone in early February 2020. It also seems clear that there were deficiencies in the Board's ability to gain information into the day-to-day functioning of TARC. The board was alienated, a fact which Risco had begun to foster since at least April 2019.

Section 3 also examines similar isolation and alienation of critical TARC employees and the creation of a structure of "outer" circle employees and "inner" circle employees. The former group was used to keep TARC running. The latter would usually become targets and, in their silence, failed to alert others of Risco's misdeeds. These circles, just like the Board, were also subject to manipulation and alienation.

The outer circle consisted of the more experienced employees at TARC, the people responsible for keeping the buses running and the system operating. These individuals were kept at bay and in most cases appear to have been shunned or belittled. Many of these employee's report that Risco managed them through fear and intimidation. Most also report that he was very rarely there and would not make many decisions about actual operations, allowing the more competent individuals to manage TARC.

The inner circle, consisting exclusively of young African American females, and in most cases single mothers, would gradually be groomed for travel with Risco and then subjected to his sexual advances. Most of these inner circle employees were not competent for the new positions created for them. As discussed in Section 2, these women were not likely to report their targeting or Risco's conduct.

Almost to a person, employees in the inner circle and the outer circle reported a complete lack of training and almost no onboarding in harassment and discrimination matters. This was a failure. Importantly, Risco would have to be cognizant of this fact as he led MARTA's Equal Employment Opportunity Office responsible for such training. This makes the deficiency especially Machiavellian.

Section 3 also specifically scrutinizes three individuals who may have had specific knowledge of Risco's conduct. This special scrutiny was required because these were upper level employees and held positions of power in the organization. As such, their positions, alone, required heightened review. In two of the three cases, it would appear that there was a failure to take appropriate steps at the appropriate time by these individuals. However, these two individuals "fit the mold" as ideal Risco targets and report they were the subjects of sexual harassment. In the third case, we have been unable to find any evidence of wrongdoing.

Section 3 opines that Risco's sexually harassing conduct was fostered by the alienation of the Board and the employees. The development of Risco's structure—of an isolated "outer circle" of competent individuals left to run TARC and a likewise marginalized "inner circle" who would be victimized by him and cover up for him—made it easier for him to abuse. He created and staffed the compliance office that would be responsible for oversight with a person not competent in the field, allowed her to maintain a second job that took her away from TARC, and also reportedly sexually harassed her. He created a position for another individual and paid her highly because she was, in the opinion of these authors, unlikely to report sexual harassment matters and excessive travel expenses. These measures seem too well-planned than to be anything other than by Risco's design.

Section 3 concludes by addressing some of the recommendations made in Section 2 and explores the efforts undertaken to remedy the deficiencies Risco caused or exploited. TARC's Interim Executive Team has worked to establish governance committees that will allow greater access to the Board and develop better communication with personnel. One of the new committees, the Human Resources Committee, is empowered, among other things, to identify board and employee training opportunities as well as to ensure that the policies and procedures applicable to all employees—including on matters of sexual impropriety and financial concerns—are discernable and public. TARC management is working to develop training requirements in several areas, including sexual harassment, implicit bias, and "bystander" training.

The Board has also established a Code of Conduct applicable to everyone. This newly adopted Code covers several distinct areas including rules guarding against financial improprieties and sexual harassment policies incorporated from TARC's EEO policy. This Code has become the centerpiece of a new Employee Handbook to replace a 20-year-old version that was significantly out of date. This new handbook is the product of an internal review of all policies and procedures with an eye to make sure that an employee can clearly understand their rights, responsibilities and, most importantly, what to do if they have been traumatized by another team member. Within that handbook, clear mechanisms of reporting for violations of this Code are front and center.

The Board has also approved the creation of a TARC Tip line to allow the anonymous reporting of violations at TARC. That Tip line is administered by an outside third-party vendor who in turn, delegates reports to an Ethics Review committee consisting of a member of the TARC

Board, a member of TARC's legal team, and a Member of TARC's Diversity and Inclusion Office to ensure that there are "multiple eyes" when it comes to reporting misconduct.

Additionally, the office responsible for training and investigation of sexual harassment matters has been reoriented and re-staffed. Competent professionals with significant experience in the area have been hired to conduct the necessary training, compliance, and investigation. This office is setting up top-to-bottom training for all TARC employees to understand their rights and responsibilities.

TARC has established the new Office of General Counsel. The Office of General Counsel will be responsible for many areas, but one of the primary responsibilities will be the establishment of robust reporting and compliance mechanisms for employees and to provide additional oversight of TARC's several compliance offices and officers to prevent further abuses.

Finally, Section 3 reports that TARC has reached financial settlements with most of the TARC employees who have come forward with financial claims for sexual harassment against Risco as of this date. One primary focus TARC had was to address the trauma caused by Ferdinand Risco. The settlements with these sexual harassment victims were reached quickly, but represent months of work and the firm desire that these women, victimized by Risco, not be put through a lengthy litigation process. They and their families should be allowed to heal and not be victimized again. To aid these victims, TARC contacted the Louisville Metro Police sex crimes and PIU divisions to have an assigned detective and victim's advocates on standby for these victims.

With those settlements, TARC has instituted a suit against Risco to recover from him some of the damages he caused. Too often, the ultimate wrongdoer escapes consequences for their actions and the public agency "foots the bill" for the wrongs committed. The TARC Board and the Interim Team do not believe this should be the case with Ferdinand Risco and have sued him for recovery for over \$800,000.00.

PART II of this report, entitled Financial Review, consists of Sections 4, 5, and 6. These sections examine several aspects of Risco's financial conduct while at TARC. Section 4 consists of a general examination of contracts that Risco may have administered as part of his command position at TARC. These Contracts were examined because they departed from the normal structures of procurement adopted by the Board or because Risco had more than cursory involvement with them. There were not that many and, for the most part, these Contracts were justified and properly documented. However, three were not. One contract was not properly documented and it was, therefore, subject to re-bid. It appears innocuous. However, two interrelated contracts were deemed highly suspect. In one, TARC has made a demand for the return of its money. In another, dealing with the Contractor first identified above in Section 2, the authors of this report have chosen to devote the entirety of Section 5 to her contract.

That section, is entitled Specific Review of Contractor's Billing. Section 5 details that Contractor met Ferdinand Risco for the first time on January 30, 2019. Within one week, she had secured a \$27,000.00 "no bid," agreement with Risco that was kept secret from TARC's Finance and Purchasing departments. A week after that—and without any signed agreement—TARC paid

her \$27,000.00 from a “Miscellaneous Expense” ledger housed under Risco’s direct supervision. A week after that, Risco and Contractor were, literally, in bed together having sex. The hotel room was paid for as an expense of TARC.

Section 5 examines Risco’s suspect relationship with Contractor from January 2019 until Risco left TARC in February 2020. This will include the fact that Contractor had been identified in a scandal at the municipal entity where she previously had acted as a contractor. It was clear that Contractor was brought on board without proper vetting and in violation of TARC’s Board adopted procurement rules.

Contractor billed TARC from February 5, 2019, until May 1, 2020, when her contract was terminated by TARC’s Interim Team. During that time period, Contractor, or her related entities, billed TARC \$228,718.99 in fees and expenses. Until November 21, 2019, this billing occurred without contract; that is, there was no formal agreement between TARC and Contractor or her entities.

At some point between July 2019 and November 2019, Contractor, with the direction, assistance and collusion of Risco, changed the name of her firm to another. It is unclear why, but it would appear to be because Contractor had declared bankruptcy in March 2019 in the Northern District of Texas and the Internal Revenue Service had levied significant federal tax liabilities against her and her entity. As documented in email and text message correspondence, Risco and Contractor worked to create a façade that she was a competent financial consultant and responsible contractor when it was clear she was not. This collusion was in violation of the TARC Board’s adopted policies.

Section 5 details that despite receiving more than a quarter of a million dollars, Contractor provided almost nothing of value to TARC. While Contractor traveled extensively with Risco on TARC’s “dime,” there is little evidence Contractor did anything for the over \$228,000 she received. Her value was questioned by almost every employee that had dealings with her.

In addition to examining the billing relationship, Section 5 also examines Contractor’s expenses which she submitted to TARC. Up until November 2019, Contractor was charging TARC for her expenses. This included charging TARC *per diem* meal expenses when no contract existed for the same and while receiving meals paid for and expensed by Risco. She also charged TARC for extended stays in Louisville, charging for several *days* of travel when only appearing for a TARC board meeting that lasted two to three *hours*. She upgraded her hotels to larger rooms or suites at TARC’s expense. She would charge a public transit system for private car services like Uber and Lyft when TARC had available routes and services. She would bill for valet parking for her car in Dallas while traveling for TARC. She would upgrade a plane ticket for additional legroom and charge TARC. Her expenses were then approved by the Witness B, and Risco.

In November 2019, Contractor’s newly created entity was awarded a \$336,000.00, two-year, no bid, sole source contract for which she was subsequently paid \$14,000.00 per month. The circumstances for this contract award, and the efforts Risco took to secure the same on behalf of Contractor, are clearly collusive and are examined in detail below. As will be discussed below, significant questions arose at the Board level about the facts and circumstances concerning this contract. However, through direct artifice presented to the TARC Board, Risco flagrantly lied when he grossly overstated Contractor’s experience and past success. He instructed Contractor to create a new company and misleading website just prior to presenting her contract to the board so it would appear as if she had a successful company and employees. He also misrepresented the nature of his relationship with Contractor and her entities. Further, Risco placed the administration

of the contract outside the normal financial channels at TARC, administering them himself with the assistance of Witness B, or her staff.

At some point after the execution of this \$336,000.00 award, the relationship between Contractor and Risco soured. It is likely that sometime in December 2019 or January 2020, and at the behest of an employee at TARC, Contractor contacted a local attorney to pursue claims against TARC for sexual harassment.

During the course of *that* investigation, it became clear that Ferdinand Risco had utilized TARC's money to pay this Contractor more than a quarter of a million dollars for little or *no* work. Risco was paying money to a woman he was sleeping with and failed to disclose that fact to the TARC Board, the Finance Department or any other person at TARC. This act would constitute a misappropriation of public funds in an amount in excess of \$228,000. Whether Contractor was having sex with Risco consensually or not is still a matter in question. It appears that the sex began consensually according to Contractor. Regardless, she failed to disclose that it was no longer consensual and did not report that she was having sex with Risco to anyone other than Witness B. As detailed above, Witness B likewise failed to report that fact.

Section 5 concludes with some recommendations about this specific contract and contracting in general going forward. With regard to Contractor's contract, the Interim Executive Team canceled it. Whether she was the victim of sexual harassment or colluded with Risco to bilk TARC out of \$228,000, or both, is a matter that is still in dispute. However, what was also clear is that she was receiving taxpayer dollars after admitting to having sex with the Executive Director under an "agreement" that violated several TARC procurement rules. She was not providing value to TARC for the money paid. The Interim Executive Team believes that there has been a substantial violation of the public's trust and a significant departure from normal rules regarding this arrangement. Risco has been sued for the recovery of all amounts paid to Contractor. The facts surrounding Risco's acts with regard to this contract have been turned over to the TARC's External Auditor, the Kentucky State Auditor and the Commonwealth of Kentucky for potential additional criminal investigation.

Section 5 also recommends that all Executive Management Team spending be subject to regular Board review and that there be an accounting provided monthly detailing those monthly expenses and detailing year-to-date expenses, and year-over-year expenses, to the Finance Committee for scrutiny. This information is critical to any analysis. Likewise, general contracting should remain the province of TARC's purchasing department and all contracting should comply with the Board adopted Procurement Policy in keeping with its requirements under state and federal law. It is robust and detailed and contains specific guidelines and oversight. It must be followed and applied to every department at TARC, including the Executive Department. Finally, the Finance Department should cross-check executive level spending and, if it is not properly documented, that should be addressed in the Board's Finance Committee.

Section 6, entitled Travel and Expenses, is the final section in the review of Risco's financial activities at TARC. It is the opinion of these authors that Risco's travel was outrageous and egregious. It paints a picture of an executive who gradually took advantage of TARC over time, testing structures and boundaries, so he could travel to dozens of cities at considerable expense to TARC. While it is not unreasonable that the head of one of the larger transit companies in the nation would travel for business purposes including conference attendance, it is unreasonable for that person to be traveling and away from TARC for almost months at a time.

Risco's travel expenses present a significant increase when compared to the previous Executive Director's travel expense. In the two years previous, that executive had spent an average of approximately \$13,000.00. While serving as the Assistant Executive Director and under the supervision of the previous Executive Director, Risco's expenses were likewise mostly reasonable. However, for the period of time from February 2019 until February 2020, while Risco was Executive Director, Risco's travel was over \$63,000.00 and covered 23 different trips. Many of these trip's business purposes may be related to transit, but Risco—especially after becoming permanent Executive Director in April 2019—certainly took advantage of his position. His expenses went “off the rails” after June 2019 with nearly \$47,000 of the \$63,000 spent occurring the latter part of 2019 to February 2020 when he was ousted. In that time window, he traveled to Myrtle Beach, Washington DC (6 times), Dallas, Chicago, Toronto, Tampa, St. Louis, San Francisco, Austin, San Diego, New York, Philadelphia, Hartford, and Atlanta. He stayed in hotels in Atlanta even though his home was there. During that time, he stayed in expensive hotels and there is evidence that he ate well and drank alcohol at the expense of TARC.

His travel, especially after August 2019, was significant and egregious. It is offensive that a public transit employee could stay in a \$600 a night hotel, run up a \$400 bar tab, and ride in a \$30 Lyft LX to go a couple of miles for *dozens* of days. This is especially true when our ridership may spend \$600 a month to house a family, \$400 to feed them and buy a bus card for \$30 to maintain employment. His travel is excessive in that light. When compared with Barker's travel that ran \$10,000 to no more than \$20,000 per year, Risco's travel was no doubt too high in the opinion of these authors.

His travel was also violative of TARC's Board Adopted Travel Policy. His stays for multiple days before and/or after the purpose of the travel violates the Travel Policy. His use of expensive cabs is impermissible in light of the policy's direction towards mass transit. He violated the alcohol policy and then covered it up by not providing detailed receipts which is also a violation. He appears to have sought to cover personal expenses under the guise of professional travel. Moreover, his travel that was remotely related to TARC's business appears to be calculated to raise Risco's “brand” and presence at the national level. One of his trips, a four-day, nearly \$3,000 trip to a *rail* transit conference in Toronto may be one of the most striking examples. It had little to do with TARC but had a lot to do with Risco moving to a bigger market. Even if travel is permissible, it must be compliant with rules. Risco's was not. Risco was obviously familiar with the Travel Policy as he was responsible for approving all other employee's travel under it.

His travel is important for another reason. It showcases how little Risco was on site at TARC. In all of September 2019, Risco was in town for only 8 workdays, and only three days were contiguous. In all of October 2019, Risco was present for only 9 workdays. Again, only three contiguous days at a time. Upon information and belief, Risco was gone almost the entirety of December. Likewise, according to information and belief, Risco disappeared in June 2019 and his whereabouts were unknown. In short, for most of the latter portion of 2019, Risco was absent from TARC.

In examining how this could occur, Risco was able to exploit a number of weaknesses primarily centered on internal oversight of the Board. First, the policy on Risco's pre-approval of travel was not strictly followed. Witness B or her staff were responsible for booking all Risco's

travel and preparing travel documents and expense reports for him. Both Risco and her department were allowed access to company credit cards and were able to book travel without the necessary pre-approvals. In some cases, there were pre-approvals, but in most cases these pre-approvals do not appear to exist.

Secondly, the policy on *post* travel approval of expense reports was deficient. It does not appear that the Board Chair was given the expense reports until the day of the TARC Board meeting and there was no opportunity for significant review. This created a rubber-stamp effect. The reports themselves do not have any indicia or check boxes as to whether all receipts were there and there was no cross checking when it came to the Executive Director. By contrast, all other employees have their reports pre-reviewed by Finance.

Next, Risco was able to exploit a weakness that occurred because of Board membership changes. During the latter part of 2019, the Board went through significant changes, especially at the Chair level, with the Chair being responsible for his travel approval. In the final six months of Risco's tenure, TARC's Board had three different Board Chairs. As his travel increased during the same time frame of the latter part of 2019, Risco's documentation decreased. He also canceled board meetings where his expenses were to be reviewed. When the new Board Chair was elected Board Chair in January 2020 and was presented with Risco's expense reports, she challenged him. His response was to stop documenting anything.

Immediately upon taking the helm, the Interim Executive Team and the Board suspended all travel until further notice. They took a number of steps as addressed in Section 6 below. Two of the most important steps were that the Board's Finance Committee will have ready access to all the Executive Director's travel and that no reimbursement of any Executive Director travel expense will be made without the prior approval of the Chief Financial Officer and the Board Chair. The Board adopted policy will be strictly followed.

Section 6 concludes with an examination of Risco's automobile usage. Just like his travel expenses, it does not appear proper. When Risco became Executive Director, he was logging nearly 2000 miles a month on a TARC car and this was out of line with reasonable travel.

In order to continue to allow the usage but remedy the deficiency, TARC has created a Company Car Policy that will govern assigned vehicle usage. The written policy will require the employee to document vehicle usage, apply appropriate safety standards, prohibit personal use, and deny access to unauthorized drivers and passengers. While Risco was Executive Director, no policy existed.

Section 7, a stand-alone Section entitled Notification of Sexual Harassment and Response, examines when the Board was notified of Risco's sexual harassment and the Board's actions in response to that notification. Both TARC's External Investigator and the Metro Council Investigator have confirmed that no one came forward to the TARC Board until the very end. *See* Section 2 *and* Beyer, Metro Council Meeting July 14, 2020, (45:59). While Witness C, Witness B, and the victims may have known of Risco's harassment, they did not provide notice and they did not come forward until late January 2020.

Section 7 details the exact dates of who came forward to the Board and when, and what responsible parties' responses were. When the Board received notice at the end of January 2020, it endeavored to take quick and decisive action. It investigated the alleged abuses and took remedial action which concluded with the Deputy Mayor asking for Risco's resignation on February 11, 2020. Section 7's line-by-line detail of the events leading up to February 11, 2020, may give the community comfort that the right actions were taken at the right time.

PART I—HIRING AND SEXUAL HARASSMENT ANALYSIS

Part I concentrates on three different aspects of this matter: the hiring of Ferdinand Risco including his initial hire as Assistant Executive Director and subsequent appointment to the Executive Director position; the sexual harassment he is alleged to have committed; and the structures he created or exploited to commit these acts. Each section concludes with remedies and recommendations to address deficiencies that existed at TARC.

SECTION 1: HIRING OF FERDINAND RISCO

At the outset, two primary questions exist. First, how did Ferdinand Risco come to be at TARC. Second, were there warning signs or matters overlooked that would have given leadership reason to believe Ferdinand Risco should not have been hired or retained? This section seeks to answer those questions.

A. Initial Hiring in 2017.

Ferdinand Risco was hired by Barry Barker in 2017 to serve as the Assistant Executive Director at TARC. At the outset, it must be understood that TARC's first choice for the position was *not* Ferdinand Risco. Barry Barker, the Executive Director of TARC since 1993, had cultivated a high level of integrity and trust in the organization and had led TARC with a steady hand. Under his watch, TARC grew into a transit entity with national recognition; TARC was deemed the best transit company in the nation in 2006. Of his many talents, his skill for identifying talent and promoting leaders was perhaps best evidenced by the steady rise of Alyce French Johnson who *was* the first choice.

Ms. Johnson began humbly and was not catapulted into leadership. She started on the ground floor of TARC as a customer service worker then a bus driver. Overtime, she would take successive roles in the company including union steward. She was named Director of Transportation and then Assistant Executive Director in 2003. She was TARC's first choice for Executive Director under Barry Barker's succession planning. She was beloved by all at TARC as is reflected by the naming of a building on TARC's campus in her honor. Unfortunately and unexpectedly, Ms. Johnson became ill and the plan to pass the reins of the organization on to her would not come to fruition. She retired after 39 years of service to TARC.

This required a national campaign to find a replacement Assistant Executive Director. In 2016, advertisements were placed and 19 candidates were ultimately identified. Several internal candidates applied for the job, including TARC's heads of HR, Finance, and Planning. This fact is important and is discussed below.

Candidates were screened and ultimately 4 contenders were identified. Barker established two independent interview committees to vet the candidates. The first interview committee team consisted of Cedric Merlin Powell (the Chairman of the Board of TARC and a law professor at the University of Louisville), Ellen Heslen (the Mayor's Chief of Staff), and Barry, himself. There was a second internal interview team consisting of the chiefs of the most important operating divisions at TARC.

These two independent committees were created for a reason. Barry understood that as the Executive Director, the selection of Assistant Executive Director was ultimately “his hire.”¹ However, Barry wanted to be as inclusive as possible because he knew that whoever was hired as Assistant Executive Director would likely be his replacement as Executive Director. He was very concerned about succession planning.

In addition to the formal interview committees, Barry also knew most of the large transit leaders in the country and informally “backchanneled” checks on the candidates. This included running backchannels on Risco, who was the head of Diversity and Inclusion at MARTA in Atlanta and who had also run aspects of train service for the New York MTA. Barry’s vetting included speaking to the Executive Director at MARTA for any indications of problems with the candidate. Everybody liked Risco and none reported any issues with his employment.

Risco was very highly credentialed. He served on many state and national boards, was a college professor, a former military officer, and had worked his way up in the world of transit. A copy of his resume is attached as Exhibit A.

One of Risco’s national board positions included serving as Chair of the Workforce Development Committee at the American Public Transit Association (hereinafter “APTA”), arguably the most influential public transit association in the United States. As a result, Barry also consulted with many at APTA to vet his candidates including Risco. He spoke to the former Chair of Risco’s committee to gain additional background information on the candidate. Barry additionally reviewed Risco’s Board appointment to the Connecticut Board of Education, which would have indicated that the State of Connecticut had placed faith in him.

It is unclear at who’s direction, but Risco and the other top candidates were the subjects of a Predictive Index Behavioral Assessment that examined the personality traits of the candidates. An examination of Risco’s reveals no warning signs for TARC. A copy of this document is attached as Exhibit B.

In short, with two independent review committees operating on two separate tracks, a national search, “buy in” from internal and external interviewers, and consulting with several leaders in the mass transit field, the candidates for the Assistant Executive Director were vetted extensively.

Of the six members on the two interview committees, Risco was the unanimous choice of both. William Harris, who served on the internal review committee recalled that “Risco was a quick study, a very bright guy.” He promised a different vision of TARC. Other members of the review committees called him an innovator. His concepts of the future of mass transit were bold and aligned with the radically changing world of public transit. While Uber and Lyft are ubiquitous today, in late 2016 and early 2017, mass transit offering “mobility as a service” was very cutting edge. Risco appeared at the forefront of that thought.

¹ TARC’s Bylaws, by and through KRS Chapter 96A, delegate all hiring and firing of all officers and employees to the Executive Director.

Based upon the interview committee members' recommendations, which included the Chairman of the TARC Board, Barry offered Ferdinand Risco the position of Assistant Executive Director in January 2017 and he accepted. Risco's first day of employment was February 5, 2017.

In examining the decision-making process on hiring Risco, it is difficult to identify any one particular deficiency in Risco's vetting as a candidate for hire. The decision makers believed him to be the best candidate. If he did have a propensity for wrongdoing or a history of harassment, it was not readily discernable. However, it is important to scrutinize this process to determine any flaw that could have disclosed important information that could have changed minds.

One of those flaws was TARC's background checks. In 2017, TARC was still conducting its background checks manually, through staffers in the Human Resources Department. It wasn't until February 2018, that TARC shifted to an Automated Tracking System (the "ATS") which electronically performs background checks through the "Good Hire" system. As a result, in 2017, TARC was reliant on individuals to do the manual checks. Importantly, as indicated above, many of the candidates for the Assistant Executive Director position were internal candidates. This included the head of the HR Department. As a result of her application, she recused herself from the vetting process including running the background checks. It is not clear if anyone was assigned to take that responsibility. We have not been able to find any evidence that the manual background checks that *should* have been performed in 2017 were actually performed.

To examine this potential deficiency, the Interim Executive Team at TARC retained the services of AIS, the firm of a former FBI agent, Carl Christianson, to run a background check on Risco in 2020. The purpose of this was to determine whether there were potential matters in Risco's record which would have led reasonable minds to conclude his hiring was imprudent.

The former FBI agent's background review included national and state searches in every one of Risco's former addresses. These searches in multiple jurisdictions indicated no public lawsuits involving impropriety or other allegations of sexual harassment. There were no news stories of any sordid details. Risco was clear of bankruptcies and was not on any sex offenders' lists. He had neither been charged with, nor convicted of, any crimes. There was only one lawsuit involving Risco in an official capacity, and that was a suit against the Connecticut Board of Education where Risco was named as a member of the board and not for any individual conduct on his part. A copy of this report is attached at Exhibit C.

The investigative report *did* reveal one matter that could have potentially raised concern in 2017. Risco and his wife were the subject of a foreclosure of property in Connecticut in August 2014. Midfirst Bank v. Risco, et al. NNH-CV14-6049232-S. While there is evidence that Risco moved from Connecticut to Georgia in 2012 and the foreclosure may have regarded property the couple did not sell upon their move, a foreclosure may have raised questions regarding Risco's financial capacity. This should have been investigated.² TARC's manual background checks in

² There was an additional 2018 foreclosure of property in Philadelphia Pennsylvania that occurred after Risco was hired at TARC. This would obviously not have been discovered in 2017. This foreclosed property regarded an address that appears to have belonged to his father, who died in 2016, and that Risco was named as an heir. The foreclosure sale for the property in Philadelphia PA Case No. 1803-342 lists the Defendant as the Estate of Ferdinand Risco, deceased.

2017 did not run credit histories and TARC's internal interview processes do not ask financial questions. Even today, TARC does not do a credit report review on its potential employees. As is discussed below, this has been remedied in the current search for the Executive Director. While this may be acceptable for rank and file employees, it is the opinion of these authors that a financial background check *should* be performed on candidates for a chief executive and any candidate with high level fiscal responsibilities. This financial background examination *was* done in the present search for a new Executive Director.

Because a credit report for a future potential Chief Executive would have revealed this financial question, the absence of a credit check must be viewed as a deficiency in the hiring process. Whether this fact would have eliminated Risco from contention for the Assistant Executive Director position is a matter that only hindsight can judge. However, other than this one fact, there was nothing public that would have revealed a problem in Risco's history as of December 2017.

Subsequent to the discovery of Risco's misdeeds in February 2020, at least two investigative journalists revealed that Risco might have had instances of misconduct while he served at his previous employment. In one news story reported in the Courier Journal,³ there was a 2013 anonymous complaint into Risco's "management style." The article says that, "The complaint was lodged at the entire management team and was centered around what the callers felt was an unfair accounting of their time," she said. "There were no accusations of sexual harassment and no issue was discovered that warranted further review." Importantly, for purposes of this report, the article also reveals "Risco's MARTA personnel file does not include mention of the 2013 investigation or of the complaint that was lodged against his management style. It includes no disciplinary records."

In another news story reported on WAVE3 TV in March 2020, an investigative reporter indicated that she had discovered claims from women who came forward after the scandal broke. "The claims against Risco from those in Atlanta include sending inappropriate sexual pictures, jokes and messages, as well as intimidation and threats to their jobs. Some of the women described screaming and having to ask his permission to use the bathroom. One woman described Risco making disparaging remarks against African-Americans."⁴ Yet, even this story reveals the MARTA allegations "were kept under wraps" and "were never made public" according to the reporter. The report goes on to say that there was no "formal investigation, and that there are no official records of those statements." The report concluded that "there were no complaints filed against Mr. Risco during his employment with MARTA."

Thus, if one were to provide the unvarnished truth about the hiring process, it is highly doubtful that these previously undisclosed and undocumented MARTA allegations would have come to light. The allegations certainly did not come up when the MARTA executives were "backchanneled" and they would not have come up in Risco's personnel file. There is little doubt that had these hidden allegations in Atlanta been properly documented in 2013 or otherwise

³ <https://www.courier-journal.com/story/news/politics/metro-government/2020/02/28/tarc-scandal-ex-chief-investigated-atlanta-before-louisville-hire/4902200002/>

⁴ <https://www.wave3.com/2020/03/04/ferdinand-risco-made-you-feel-like-sexual-object-ousted-tarc-directors-former-co-workers-atlanta-now-sharing-their-stories/>

reported to TARC, a much different approach to Risco's hiring may have resulted. However, this cannot be viewed as deficiency because there is no way a normal hiring process check would have revealed non-existent records of non-public and anonymous undocumented complaints.

In conclusion, Risco's initial hiring process—and Barry's decision to hire him consistent with the interview teams' recommendations—seems highly thorough with one recognized deficiency. Risco's background checks should have been better documented and should have included a credit report. His employment file does not appear to have much information in it surrounding his hiring. He signed a form for a Kentucky record to be pulled, but it is not clear that this was actually conducted. As the former FBI Agent's report revealed, there would not have been anything to find, but the paper record of checks, calls, etc., within the file is lackluster. It is the opinion of these authors that because the Director of HR was an applicant and had recused herself from the hiring process, a normal record of the manual backgrounding from 2017 is not existent. Given the shift to an electronic system in 2018 under the ATS/ "Good Hire" system described above which automatically creates and delegates functions, those records deficiencies are not likely to be replicated.

Recommendations and Changes

Onboarding of a Chief Executive—or an Assistant Chief Executive who is on track to ultimately take the position—should be a thorough and lengthy process. The process, in turn, must be well-documented. The following are recommendations regarding the current hiring process for TARC's Executive Director. Of course, the decision to hire the Executive Director of TARC lies with the Mayor. TARC has collaboratively endeavored to put forth highly qualified and properly vetted candidates for mayoral consideration. TARC is currently seeking its next Executive Director, and this process must be robust. The Interim Executive Team's efforts have included the adoption of the following recommended processes:

- A National Search Firm. To avoid any potential for impropriety, TARC hired a National Search firm to search for and examine candidates for TARC's Executive Director position. Krauthamer & Associates ("K&A") is an industry leader with a 50-year proven history of placing high-level executives with public and private companies. Even *that* action was conducted openly and transparently. TARC put the contract for the search firm out for public bid and K&A was, without question, the most qualified.

- Dual Track Review Process. Candidates for consideration were subject to significant internal and external review including review by the present Interim Executive Directors and K&A. This was followed by additional reviews by a newly created committee of Board Members who interviewed the top-tier candidates again in a series of interviews.

- Examination of Candidates. Part of K&A's process included an extensive screening process, including examining each candidate's personal references, a 360 approach where K&A talked with someone the candidates have recently reported to, someone who has recently reported to them and at least a peer or another supervisor or employee. They also conducted extensive background checks that included financial, criminal, civil court searches, employment, educational, sex offender, national terror watch lists, and driving records.

Additionally, K&A did internet searches of each candidate to identify public articles and information that may exist. Importantly, K&A will document their efforts and create a robust record of the candidates, including the selected candidate.

- Secondary Outside Review of Candidates: TARC has, through the office of its interim general counsel, retained a former FBI agent to conduct an independent and additional review of the top-tier candidates that will be submitted to the Mayor. While this may be duplicative of the efforts of the National Search firm's background checks in some instances, these additional efforts are warranted here. That former agent's firm has verified prior employments, run additional reports, run federal reports for civil and bankruptcy matters, verified education, run state and county courts for civil and criminal cases in any place where the candidate has lived, verified licensure, run nationwide criminal reports, run social media, media outlets, and verified additional search matters as they arise. The agent's efforts were robust.

- Requests for Disclosure. As part of the hiring process, each candidate was asked whether there was anything that should be disclosed in the hiring process and that was properly documented. If any of these candidates lied during their interview, that would be cause for immediate termination in Kentucky, an "at will" employment state.

B. 2018-2019 Transition from Assistant Executive to Executive Director.

Risco served as Assistant Executive Director from February 5, 2017, until Barry Barker's retirement from TARC until November 30, 2018. During this time, Risco's service was professional but otherwise relatively unremarkable. Upon Barry's retirement, the Mayor named Risco the Interim Executive Director. He served in that position from December 2018 until he was named the Executive Director by the Mayor pursuant to KRS § 96A.070 in April, 2019.

There is little to *outwardly* indicate any significant problems prior to the Mayor's appointment of Risco. At the time, he had the Board's unanimous support for appointment to become permanent Executive Director. Most employees found his management style far different than that of Barry Barker, but most chalked this difference up to Risco's military background and more "business like" demeanor. As will be discussed in Section 6, his expenses were not out of line and were all approved in the time period *prior* to his appointment. In short, very little appears to outwardly suggest anything amiss with Risco. Good steward that he was, Barker reports that he did additional follow up checks with others in the transit field once Risco's hire as Assistant Executive Director became permanent and public. When he and Risco traveled together to conferences, others in the transit field, including high level executives at MARTA confirmed that Risco was an excellent hire.

Although it was not reported at the time, as is discussed in Section 2, Risco appears to have begun sexually harassing at least two victims. The first, identified in that Section as Witness A, reports that in mid to late December of 2017 she was sexually harassed and the sexual harassment continued into 2019. Witness A has admitted that she did not come forward and advise anyone of her harassment. As she reported to the TARC investigator, in November 2018, she did not get a promotion she felt she deserved. In response, she retained legal counsel. Prior to Witness A's

attorney notifying TARC of her concerns, Witness A decided to “not push the button.” Shortly thereafter, she was promoted into a new position. She remained silent for more than a year. The first report the Board had of her sexual harassment was in late January 2020, when she came forward with the rest of the Plaintiffs. See Sections 2, 7. Similarly, as is discussed in Section 2, the woman identified as Witness D states that she was sexually harassed in late October 2018. She reports that she did not come forward until April 2019 and, as Section 2 indicates, she was terminated.


That being said, TARC must view the fact that Witnesses A and D did not come forward in 2018 as a deficiency. As will be discussed below, any environment where a victim does not feel safe to speak about a trauma is lacking. Any environment where an employee does not recognize a duty to come forward is likewise lacking. Had they come forward in 2018 prior to Barry Barker’s departure, there is no question that the extent of Risco’s damage could have been averted.

Ford, Will F

From: Website Contact Form for Mayor's Office <no-reply@wufoo.com>
Sent: Friday, December 14, 2018 12:31 PM
To: Mayor Information; Wilson, Hannah E
Subject: Website Mayor Contact Form [#7274] - on

Date * Friday, December 14, 2018

Name * Mathias Hamilton

Address *  2222 S 9th St.
 Louisville, KY 40208
 United States

Phone Number * (502) 436-9028

Email * hamiltonmathias@yahoo.com

Comment, question or concern: Mr. Mayor

In the interest of advancement in public transportation for metro Louisville please consider initiating a national search to replace the retired executive director J. Barry Barker for the Transit Authority of River City (TARC). It is very important that you strive to find someone with the knowledge, expertise, vision, drive and community service that we need to be successful.

This community deserves no less than a new executive director with the same qualities as Barry Barker.

Respectfully

Mathias Hamilton
 President / B.A. CTA
 ATU Local 1447

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The only exception to this relative quite surrounding Risco during this interim period has been a news media report that the head of the union at TARC knew something and brought it forward in December 2018.⁵ However, even this media report indicates that the union representative had no knowledge of any sexual harassment. Likewise, the “alarms” he raised were not particularly alarming. The warning the union leader put forth in an email dated December 14, 2018 to the left, states only, “*In the interest of advancement for metro (sic) Louisville please consider initiating a national search to replace the retired executive director J. Barry Barker for the Transit Authority of River City (TARC). It is very important that you find someone with the knowledge, expertise, vision drive and community service that we need to be successful. The community deserves no less than a new executive director with the same qualities as Barry*

⁵ <https://www.wave3.com/2020/03/06/tarc-union-president-says-he-warned-mayor-fischer-about-promoting-ferdinand-risco-executive-director/>;
<https://www.courier-journal.com/story/news/politics/metro-government/2020/03/05/tarc-sex-scandal-union-warned-fischer-promoting-ferdinand-risco/4966498002/>

Barker.” The email seems more of a compliment to Barker than an indictment of Risco.

However, after receipt of the letter, the Deputy Mayor, Ellen Hesen, followed up with the union leader to better understand his concerns. Apparently, Risco was viewed as a tough partner and he and the local transit union were regularly at odds. After these discussions, the union leader indicated that he could work with Risco. No alarm bells were raised. At the same time, the Chairman of the Board of TARC and a local community leader, Sadiqa Reynolds, were advising the Mayor that Risco needed to be made permanent Executive Director. With no issues, Risco was so named in April 2019.

While hindsight will be 20/20, there is nothing within the union leader’s letter that would have put anyone on notice of the deficiencies Risco would exhibit in the months to come. For all intents and purposes—with the exception of the two employees who did not report Risco’s conduct—Risco outwardly maintained boundaries until Barry Barker left in November 2018. When Barker did leave, Risco almost immediately began a course of sexual harassment, guarded at first, and then reaching fever pitch in April 2019 after his appointment as the permanent Executive Director.

SECTION 2: SEXUAL HARASSMENT

Rather than attempting to condense or edit the TARC investigator’s full report, the TARC Board and the Interim Executive Team have chosen simply to include it here. This report is written by Donna Perry and Tammy Bennett, from Dinsmore and Shohl, who was retained as an external investigator. The full report appears in the following *font to make it readily discernable to the reader*. Where appropriate, footnotes have been added to allow additional explanation.

A. External Investigator’s Report

In late January 2020, an employee notified the Board Chairperson of the Transit Authority of River City (“TARC”) of alleged sexual misconduct perpetrated by executive director Ferdinand Risco (“Risco”). Based on information gathered from the witness interviews, prior to the weeks of January 27 and February 3, none of the witnesses had notified the Board or any entity or person affiliated with the Board of any alleged sexual misconduct. Once placed on notice of the allegation, the Board took prompt action to review the matter, including, among other actions, retaining our firm to conduct an independent investigation. On February 11, 2020, as the preliminary review into his misconduct progressed, Risco resigned his employment with TARC.

This investigation was initiated to gather information to determine the circumstances and extent of Risco’s sexual misconduct. Given that Risco is no longer employed with TARC, this investigation does not assess legal liability, including, among other things, whether the requisite elements of an

actionable sexual harassment claim have been established. The information is being gathered to identify and remedy organizational deficiencies and control weaknesses. Additionally, the information has been analyzed to: (1) evaluate the effectiveness of TARC's internal reporting mechanism, (2) identify complaints about Risco, if any, reported through the internal mechanism prior to February 2020, and (3) determine the reasons and/or barriers that caused targets-victims-survivors to remain silent, in the absence of any prior complaints. In conclusion, we offer recommendations that are essential for restoring and rebuilding a healthy, respectful harassment-free work environment.

Witness Interviews

In the course of this investigation, we interviewed a total of 18 witnesses. This summary provides relevant information gathered from interviews conducted on various dates from February 20, 2020 through May 27, 2020. The witnesses consisted of 11 current TARC employees (9 women and 2 men), a TARC contractor (woman), 4 former TARC employees (women), a current and former Board member. Due to COVID-19 social distancing requirements, interviews occurring on or after March 27th were conducted via telephone or videoconference.

Several witnesses were interviewed on multiple occasions to address new information furnished by subsequent witness interviews or upon the request of a witness. All witnesses fully cooperated with the investigation, except for the TARC Contractor. The Contractor was interviewed on March 27, 2020 via telephone. The interview was jointly conducted by my colleague, Donna King Perry and me. Also present during via telephone in separate locations were the Contractor's attorneys, Thomas Clay and Beth Maze and David Beyer, an investigator retained by Louisville's Metro Council. As the time allotted for the interview expired, the parties agreed to reconvene the week of March 30, 2020. Contractor's attorney subsequently informed us that she would not cooperate any further with this investigation.

In an effort to mitigate re-traumatization, to the extent possible, we are protecting the identity of witnesses who were subjected to sexually inappropriate behaviors. As a result, the report does not include the names, job titles and/or other identifying characteristics of current or former TARC employees who made allegations of sexually misconduct against Risco.

Overview of Contractor's Interview

The witnesses who alleged that they were targets of sexual misconduct perpetrated by Risco were employees of TARC at that time of the incidents with the e

xception of Contractor. In light of this distinction, we believe it is important to provide additional background on the origins and evolution of the contractual relationship in addition to examining the claims of sexual misconduct related to Contractor.

According to Contractor, in late 2018, Tony Parrott, executive director of Louisville's Metropolitan Sewer District ("MSD") connected with her about an opportunity to provide consulting services to TARC. Contractor had a prior professional relationship with Parrott whom she's known for nearly 13 years. During his stint as executive director of Cincinnati's MSD, Parrott hired and paid Contractor as a vendor for approximately 10 years. Prior to him reaching out, Contractor had no knowledge of TARC. At Parrott's request, on January 30, 2019, Contractor traveled from Dallas, TX to Louisville, KY to discuss the opportunity. On that date, she met Risco for the first time. In addition to Risco and Parrott, Jeffrey Dingle and Victoria Johnson were present at the meeting.

Approximately two weeks after the meeting, Risco hired Contractor for the first of 3 contracts, all of which were sole source contracts that were not subject to an open or competitive-bidding process. In regards to the final contract, which was a two-year contract for \$336,000, several members of the leadership team, including, the director of finance, chief of staff and director of purchasing, urged Risco to competitively bid the contract. He ignored their requests.

The initial two contracts were not in writing. According to Contractor, she was engaged to review financial reporting and statements and to provide executive support. She was paid a lump sum of \$27,000.00 to perform this work. In her interview, the director of finance provided information that contradicts Contractor's statement about the scope of services. According to the director of finance, Contractor was purportedly hired for the limited scope of helping with financials, and not for executive support. Immediately upon starting, according to TARC employees, Contractor focused primarily on management consulting as opposed to the stated scope of her work. Several witnesses indicated that she frequently participated in leadership meetings, hiring panels and advising on employee relations. Witnesses also stated that from the outset of her consulting arrangement, she served as their coach-mentor and offered text messages to substantiate this fact. They also stated that she was an executive coach to Risco. Contractor denied that coaching was her primary focus. She also categorically denied that she advised on employment decisions. However, Witness C indicated that she was present in April 2019, when Risco, Witness B and Contractor vetted disciplinary action, including termination, of a member of the leadership team. Even

with the ambiguity surrounding the scope of services, the value of the work actually delivered was well-below \$27,000.00.

According to Contractor, shortly after commencing her engagement with TARC, in late February or early March 2019,⁶ she and Risco engaged in sexual intercourse in her hotel room in Louisville, KY. Then, in April 2019, she attended a conference in Dallas with Risco and Witnesses B and C. At some point, she ended up alone with Risco in his hotel room and he attempted to lift her shirt and sodomize her. She did not immediately report this sexual assault to anyone. She never contacted the police or hotel security. Even though she had direct access to the Board, she never notified them. She eventually confided in a friend, Witness B and Jeffrey Dingle, who, as stated above, participated in the January 30th meeting arranging her contract with TARC.

Risco continued to engage in sexual relations with Contractor. In May 2019, Contractor attended a conference in Louisville, KY. In her hotel room, Risco performed oral sex on her. During the same month, Risco approved a second engagement with Contractor. The payment for the new arrangement was based on an hourly rate structure as opposed to a lump sum. As with the first engagement, Contractor's expenses, including travel and lodging, were invoiced separately and payments were issued to Contractor as opposed to her firm's taxpayer identification number. Then, in July 2019, Contractor attended a conference in Tampa, FL. For the last time, Risco had sexual intercourse with her in his hotel room.

Contractor never reported any of the incidents of sexual activity. She felt she had no choice but to engage in the acts. She explained that her fear of Risco's explosive temper deprived her of a choice. When asked whether the approval or continuation of any or all of her contracts was conditioned upon her submission to sexual relations, Contractor stated unequivocally that she was not asked or required to have sex with Risco in exchange for any of the contracts with TARC.

According to director of finance, pursuant to a TARC policy, as executive director, Risco had signing authority for up to \$100,000.00 per contract. As the aggregate amount of payments to Contractor was nearing the \$100,000.00 threshold, she notified Risco. Shortly thereafter, on September 27, 2019, Contractor submitted a proposal to TARC under the name of a new consulting firm, which had been formed in April 2019. According to Witness C, while attending a conference in Dallas, TX, Risco and Contractor discussed the new consulting firm. In her interview, Contractor denied or attempted to minimize Risco's knowledge, influence or advice relative to the new firm and/or

⁶ Based upon the Contractor's travel records and her statement that the sexual activity occurred at the Galt House on the second night of a stay, the sexual activity occurred February 21, 2019. See also, Section 5 Contractor Review.

its website. Contractor indicated that she created the new consulting firm as a rebranding strategy, in part, because she was "exhausted from hearing her own name".⁷

In November 2019, the new consulting firm, which consisted of her and a part-time assistant and whose only client was TARC, was granted a \$336,000.00 two-year contract. In the course of this investigation, the assistant executive director was interviewed. He indicated that he was concerned that Contractor was not performing work as set forth in the contract. He shared this concern with Risco. As of the date of this report, Contractor has still provided limited, if any, of the agreed upon deliverables. During the interview, she indicated that a 2 month period, i.e., December 2019 and January 2020, was insufficient time to complete tasks. She claimed that work was performed in January, February and March but did offer specifics, except that she worked on "some policy stuff" in March.

Contractor received numerous sexually suggestive and lewd messages from Risco. In her interview, Contractor referenced two particularly crude pictures she received in November 2019 - one was a picture of Risco's penis and the other she referred to as a "banana split," a woman's private part covered with ingredients used to make a banana split sundae.

As indicated above, Contractor was a coach-mentor for several of the women that Risco hired or promoted. In this capacity, she spent considerable time with Witness B. The two shared a common life experience and eventually developed a "sister-like bond," according to Witness B. In fact, Contractor would stay at Witness B's home when she came to Louisville. While Contractor alleged that she stayed at Witness B's because she was afraid of Risco, Witness B stated that Contractor stayed with her due to financial reasons. According to Witness B, once Risco was prohibited from submitting Contractor's travel and lodging expenses on TARC's credit cards, Contractor was required to pay her business expenses upfront and seek reimbursement through her invoices to TARC. Because she was struggling financially, Contractor was unable to pay the expenses in advance, and stayed with Witness B to defray the cost.

Similarly, in their sister-ship, both confided in and sought support from each other related to Risco's harsh temperament. In fact, Contractor confided in Witness B the time "it happened", referring to Contractor engaging in sexual intercourse with Risco. Witness B, who frequently traveled with Contractor and Risco, often observed tension between the

⁷ This is likely not true. Contractor had just filed her third bankruptcy in March 2019. Her old company was liable for over \$150,000 of federal tax debts for non-payment of federal taxes.

two and found their relationship "confusing". On one hand, Contractor expressed irritation by Risco's sexual pursuit of her. On the other hand, Contractor would actively engage in texting and spending time with him.

A further observation of the nature of the relationship between Risco and Contractor was what Witness B described as "Contractor's promiscuity". Witness B stated that on one occasion, she, Risco and Contractor attended a conference together. Contractor told Witness B that while she was in her hotel room being intimate with another man, Risco came to her room and knocked on the door. Contractor also shared with Witness B that, in at least one prior instance, she had sexual relations with another client. She explained to Witness B that "she gets paid to walk away" by filing a lawsuit after engaging in sexual relationships with a client.⁸

Witness B and the assistant executive director both indicated that the interactions between Contractor and Risco changed after all four attended a conference in New York City in October 2019. According to Witness B, Contractor and Risco went to dinner alone one evening. When Contractor returned to the hotel room she was sharing with Witness B she was visibly upset. Contractor stated that Risco had gotten into a verbal altercation with the Uber driver and when she attempted to intervene he verbally attacked her. Witness B does not recall the specific details, if any, that Contractor provided regarding the incident. However, whatever happened between the two led to strained interactions between Risco and Contractor for the remainder of the trip, as observed by Witness B and the assistant executive director. Interestingly, shortly after this episode, Contractor was provided the sole source contract for \$336,000. As it relates to the exorbitant cost of the contract, according to Witness B, Contractor stated that given the dollar amount maybe Risco was expecting a portion of it.

Based on the information gathered a question remains of whether the relationship between Risco and Contractor was consensual.⁹ However, without reaching a definitive conclusion on that issue, it is evident that Risco's interactions with Contractor violated TARC's "Executive Director's Policy Statement on Harassment and Retaliation" policy. Ironically, the policy implemented during Risco's tenure as executive director. It is unknown whether Contractor consulted with Risco in drafting the policy.

Overview of Internal Interviews

Internal witness interviews with corroborating documents, e.g., numerous text messages, sufficiently established that Risco

⁸ Contractor's attorney has confirmed that Contractor has had previous 2 "claims" against other companies.

⁹ Contractor's attorney has reported that her relations with Risco began as consensual, but alleges that they changed over time.

habitually subjected TARC employees to inappropriate sexual behaviors as alleged during the weeks of January 27 and February 3, 2020 and as reported by various media outlets. During this investigation, witnesses described the various types of sexual misconduct perpetrated by Risco, including, e.g., lewd comments, sexual gestures, sexually suggestive messages and a demand for sexual intercourse in exchange for a job promotion. A witness stated that Risco's sexually inappropriate behaviors began shortly after he became employed by TARC in 2017. The witness provided text messages that substantiated her claim.

The information gathered from several internal witnesses revealed a pattern of behaviors exercised by Risco to groom, discredit, isolate, intimidate and economically control his targets. He methodically created a paradoxical culture of fear and personal loyalty that rendered his targets' silent. Likewise, he exploited his position and used economic control as a form of manipulation to make his targets feel obligated to him. For example, he frequently placed targets-survivors in positions with high salaries, which were unwarranted by the position and/or the knowledge, skills, experience and abilities of the targeted-survivor. His hiring and promotion patterns indicate that his selections were disproportionately women who lacked direct experience in the requisite position and who had primary financial responsibilities for their families. In one instance, Risco promoted a target-survivor into a position that increased her salary by approximately \$20,000. Less than 8 months later, he promoted her again with an additional \$30,000 pay increase and two months later gave her another \$20,000 increase. In a 10 month period, he provided nearly \$70,000 in pay increases without any correlating increases in duties and responsibilities. Similarly, Risco allowed an employee to have secondary, or outside, employment in an apparent conflict with TARC's internal guidelines. According to the employee's direct report, the employee spent more than 60% of her time away from the office, i.e., working her second job.

II. Scope of the Investigation

The scope of this investigation is limited to gathering relevant information of sexual misconduct perpetrated by Risco for purposes of identifying and remediating any structural, cultural and/or behavioral gaps that fostered sexually motivated behaviors, disrespect of women and silencing of targets-victims by TARC's highest ranking executive. The witness interviews occurred from February 20 through May 27, 2020. In light of the limited scope of the investigation and its intended purpose, i.e., identifying remedial efforts to examine and address current concerns and to prevent future recurrence, interviews were limited to current employees and a current contractor of TARC.

As stated above, this investigation consisted of a total of 18 interviews, including 11 current employees, 4 former employees, a contractor of TARC and a current and former Board member. Of the current and former employees and contractor, 14 were women and 2 were men. Five of the 14 women were directly subject to sexually inappropriate behaviors in violation of TARC's policy.

III. Relevant Witness Information

Witness accounts and corroborating text messages sufficiently establish that during his employment at TARC, Risco habitually engaged in sexually motivated behaviors. In the course of this investigation, 3 female witnesses described instances of inappropriate sexual behaviors and/or comments directed towards them. Several witnesses described Risco's biased behaviors based on gender.

Immediately below are categories of behaviors with the supporting incidents as offered by the witnesses:

A. Actual and Requests for Sexual Activity

According to Witness A, after his arrival at TARC, Risco immediately began flirting with her, often commenting on her physical appearance. Then, on December 27, 2017, Witness A and Risco separately attended the same social gathering. Later that evening, he sent her two text messages. Risco's first text message asked if she made it home safely. His second text message, which was sent at 11 p.m., inquired about spending time with her alone. The two met for breakfast the next day. During breakfast, Witness A stated that Risco asked her to be his "f***-buddy". Witness A declined. She stated that she did not report the incident for fear she wouldn't be believed.

On August 22, 2018, Witness A stated that for the second time, Risco asked her to be his "f***-buddy". On this occasion, however, he offered to give her a promotion if she submitted to his demand for sexual intercourse. Witness A stated that she declined again. Witness A applied for the promotion. After doing so, on September 15, 2018, Risco sent her a text message insinuating that she should have spoken to him prior to applying directly through human resources. On September 28, 2018, Employee, who worked in an administrative function, sent a text message to Witness A, providing in part, "[i] hope that all things work out for you. I pray you never think I am instigating [sic] you do something that is not within your morals." On November 9, 2018, Risco exchanged text messages with Witness A. He implored her to download the signal application, he stated "click the link so I can really talk to you." She did not. On November 17, 2018, Witness A received notice that her request for the promotion was denied. In response, she retained legal counsel. Prior to Witness A's attorney notifying TARC of her

concerns, Witness A decided to "not push the button". Shortly thereafter, she was promoted into a new position.

Likewise, Witness D began her employment with TARC in August 2018. Prior to that, she was intern with TARC. During the internship, she worked closely with Risco. At the end of her internship, he wanted to keep her onboard and created a new role for that purpose. Her new role required her to spend considerable time with Risco, including traveling. In September/October 2018, she traveled in car with Risco to attend a conference in Nashville. During the ride, he made several sexually suggestive and inappropriate comments to her. He insinuated that he wanted to "f*** her". Then, he told her at the conference, she needed to stay close to him because she was "fresh meat" implying that other conference attendees would pursue her for sexual relations.

Similarly, Contractor indicated that Risco requested and engaged in sexual activity with her; however, Contractor stated unequivocally that Risco did not ask or require her to submit to sexual activities in exchange for any of her contracts with TARC. Nor Risco indicate that any of her contracts with TARC would be denied or revoked unless she engaged in sexual activity. According to Contractor, Risco began behaving in a sexually inappropriate manner in late February 2019, shortly after her contractual relationship with TARC began. Initially, Risco sent Contractor off color jokes and sexually suggestive text and signal messages. He also discussed his desire to have sexual relations with her. She was shocked by his request and reminded him that he was married with children. Contractor did not report any of these incidents.

According to Contractor, on four separate occasions, Risco attempted to or actually engaged in sexual activity with her. The first incident took place on or about late February or early March 2019 at a hotel in Louisville, KY. Contractor stated that on the first day of her visit, Risco indicated that he wanted to have sex with her. In response, Contractor told him she was menstruating. A day or two later, while at the hotel lobby, Risco offered to escort her to her room. She obliged assuming that his knowledge of her menstruation would stave off any sexual activity. Once in her room, Risco proceeded to have sexual intercourse with her. Afterward, he remarked "looks like a homicide but a little blood never hurt anyone." Contractor did not report this incident.

Then, in April 2019, while attending a diversity conference in Dallas, TX, Contractor stated that while in his hotel suite, Risco grabbed her, tried to lift her shirt and attempted to sodomize her. In response, she clammed up, told Risco her son's babysitter was calling and left the room. Following this incident, she did not return to any of the remaining conference

activities. Contractor stated that she never reported the attempted sodomy to police, hotel security, or the TARC Board or any of its members. Instead, she initially told a friend who resides in Dallas, Texas. According to Contractor, in late April or early May, she shared the incident with Witness B. During her interview, Witness B did not provide an account of this incident. Contractor also stated that she told Jeffrey Dingle, a consultant who attended the January 30, 2019 meeting related to Contractor's arrangement with TARC. During her interview, Contractor initially indicated that Dingle said, "oh my God. I can't believe [Risco] would do that. What a jerk." Later in the interview, when asked again about reporting this incident, she indicated that Dingle advised that at some point she needed to report or expose Risco. Contractor stated that she and Dingle never discussed specifics of whom to report her concern. Contractor indicated that she did not report the incident because she did not have a choice. She felt deprived of a choice primarily for fear of Risco's explosive behavior.

According to Contractor, in May 2019 at a hotel in Louisville, KY, Risco engaged in sexual activity with her again.¹⁰ On the day that Risco delivered an opening address at the conference. Contractor observed Risco behaving erratically, i.e., angry outburst to deep sadness and crying. She and Witness B joined him at the bar of the conference hotel. After Witness B departed, Risco asked Contractor to go to the bar at the hotel where she was staying presuming it was less crowded. Later, he asked if he could go lay down in her room to help reduce his stress. At some point, while Contractor was sitting in a chair, Risco began performing oral sex on her. Contractor denied that the sexual activity was consensual. She did not report this incident either. She stated again that she had no choice. Again, she reiterated that she was fearful of him losing his temper and subjecting her to public humiliation. She expressed little to no concern about fear of losing her contract.

In July 2019, while attending a conference in Tampa, Florida, Risco engaged in another sex act with Contractor. According to contractor, one day she was in Risco's hotel suite sitting beside him discussing strategy for the next day when Risco "got on top of [her]." Contractor indicated that she "blacked out", i.e., became numb, while he engaged in sexual intercourse with her. Contractor did not report this incident.

B. Simulated Sexual Acts

Witness B indicated that on three separate occasions Risco simulated sexual masturbation in her presence. According to Witness B, in 2019, a new administrative assistant was assigned to Risco. When Risco's door was closed, the new assistant had

¹⁰ Contractor refers to the APTA mobility conference held May 19 to 22, 2019.

a habit of knocking and entering simultaneously without waiting on Risco's explicit invite to enter. After the administrative assistant exited the office, Risco proceeded to simulate sexual masturbation in front of Witness B and commented "one day [the administrative assistant is] going to walk in and see something."

According to Contractor, in April 2019, while attending the diversity conference in Dallas, TX, Risco simulated a sex act with his hands. Contractor indicated that she, Witness B, Witness C and Risco were together when Witness B stepped away to take a call from her significant other. When Witness B returned, according to Contractor, Risco simulated a sexual act with his hand while stating that the call had made Witness B hot. Neither Witness B nor Witness C provided an account of this incident during their respective interviews.

C. Inappropriate Sexually Suggestive Communications

Risco failed to establish appropriate professional boundaries and overindulged in excessive personal communications with several witnesses. During the interviews, witnesses allowed me to view numerous messages, many of which were sexual in nature. Immediately below are some examples of Risco's unacceptable or sexually suggestive text messages to Witness A:

- December 17, 2017, "cute" in reference to her hair;
- December 27, 2017 at 11 p.m., "when can I see you by yourself?";
- January 2, 2018, "let me know when you can get out and have a good time.";
- January 11, 2018, "That dimple". Witness A responded, "What?". Risco replied, "On your face."
- June 10, 2018, "there you go" with the wink emoji
- July 18, 2018, "come get your present"
- August 13, 2018, "red looks very good. Let's use signal."
- August 14, 2018, "what's the COD? COD yesterday was red." ("COD" is an abbreviation for "Color of Drawers")
- August 22, 2018, "Leave some space for that last round. I have one waiting for you at '303'." (303 is a reference to Risco's apartment number.)
- October 1, 2018, "what's for dinner?"

Risco repeatedly encouraged Witness A to communicate with him on signal. Witness A described signal as a software application that automatically deletes messages within a set time period. Witness A indicated that on several occasions Risco suggested that he could speak openly on signal, in a way that it could not with text messaging. Witness A never downloaded signal.

Risco's inappropriate sexual communications were not limited to electronic messaging. According to Witness B, Risco commented that she must get lonely on Monday nights while her significant other watches football. Then, he offered to keep her company. Likewise, according to Contractor, in April 2019, while at a conference in Dallas, she along with Witnesses B and C were in Risco's hotel suite. Risco insinuated that if any of them accessed the bathroom closest to his bedroom, he wouldn't be responsible for what happened next. Neither Witness B nor Witness C provided an account of this incident during their respective interviews. Further, Contractor indicated that in July 2019, while at another conference in Tampa, FL, Risco stated that she and Witness B were getting attention because the men wanted to "f***" and they were "fresh meat". During her interview, Witness B did not provide an account of this incident. Similarly, according to Witness C, while at a club on the Friday before Risco's resignation, he made a lewd comment to her about the size of his penis.

Risco also lured Witness D to a bar under the guise of meeting with a prospective contractor. On their way back to the hotel, he kept talking about how he needed to find a girlfriend in Louisville. He also described the type of sexual activities he liked to perform on women. Then, suggested that many women in Louisville wanted to have sex with him and stated, "you'd be surprised by what people will do for someone in my position." Witness D did not immediately share her concerns because he had got her the job and she was financially dependent on the position to support her grandchild and to pay for her new home.

Further, Contractor received numerous sexually suggestive and lewd messages from Risco. In her interview, Contractor referenced two particularly crude pictures she received in November 2019 - one was a picture of Risco's penis and the other she referred to as a "banana split," a woman's private covered with ingredients used to make a banana split sundae.

D. Off-Duty Sexually Deviant Behavior

On March 29, 2019, Witness A accompanied Employee, Risco's former administrative assistant and her husband to Risco's apartment. Witness A described the scene at the apartment as party-like given the vast amount of food and alcohol offerings. As Witness A was leaving the apartment following immediately behind Employee and her spouse, Risco slammed the door shut, pinned her against the wall and exposed his penis to her. According to Witness A, Employee and her husband did not observe this encounter because the door was shut.

E. Gender Bias and Intimidation

Risco undermined the success of two female directors by withholding resources to help foster success. Witness C and Witness D began their employment with TARC near the same time.

Both were hired by Risco. Both accepted their respective offers of employment with TARC conditioned on Risco's promise to provide necessary training. Once in their positions, Risco denied the promised training. Similarly, neither was provided a budget or other resources necessary for the effective functioning of their respective departments. Ultimately, on or about December 31, 2019, both received performance evaluations reflecting significant performance deficiencies.

Several witnesses observed Risco disrespect, demean and humiliate his administrative assistants - all of whom were women. According to Witnesses C and I, one of Risco's assistants took a medical leave of absence to escape the pressure of his unachievable demands. Similarly, due to restructuring of a department, an employee's position was eliminated. The displaced employee was given an option of termination or reassignment as the administrative assistant for Risco, the employee contemplated termination because of Risco's notoriety for disrespecting and humiliating his assistants. Further, multiple witnesses indicated that he made disparaging remarks about his assistants, and others, to make them feel intellectually inferior or inadequate for being unable to meet his ever-changing and unrealistic expectations.

Witnesses also observed Risco was particularly combative and aggressive with women in senior positions on his executive or leadership team. He refused to abide by well-established protocols related to functional areas that women led, e.g., finance, human resources, diversity and inclusion. His abhorrent behaviors often resulted in a witness' submission to his atypical demands for fear of public humiliation, reassignment of duties, or demotion if they voiced concerns. For example, according to the director of human resources, he demanded that she join him for a meeting to terminate an executive. The director was surprised by his request was seemingly "out of the blue". Even though surprised by the request, she complied with his demand out of fear of retribution. Later that day, Risco sent an email indicating that the executive's termination was due to budget constraints. In the same email, he garnered fear of his direct reports by insinuating that the job elimination was potentially the first of many.

Another example of Risco's degradation of women on his leadership team was demonstrated by his disregard of Witness E's hiring decision. Witness E sought to hire an assistant director who would report to her. According to her, from the outset, Risco controlled the hiring process. She he was given limited input on the pool of candidates for consideration. As the hiring process progressed, Witness E, along with Risco agreed on the final two candidates. She ultimately decided between the two candidates. After she made her choice,

unbeknownst to her, Risco created a position senior to Witness E's and hired the other unsuccessful candidate to fill it. As a result, Witness E reports to a person she rejected for a position that was junior to her.

Similarly, according to Contractor, Risco degraded and intimidated her during his angry outburst. For example, in early July 2019, the two were at a hotel discussing an email sent by the assistant executive director. After Contractor offered her opinion about the content of the email, Risco went ballistic. She attempted to diffuse the situation by ordering an Uber ride. When the Uber arrived, Risco accompanied her outside and insisted that he would drive her to Nulu. According to Contractor, to avoid further embarrassment, she accepted Risco's offer. Once in his TARC issued vehicle, Contractor struggled to fasten her seatbelt. Risco became belligerent yelling, "b**** hurry up". He continued screaming and calling her a "f****ing b****" and proceeded to kick her out of TARC's vehicle.

According to Contractor, in September 2019, while attending a conference in Washington, D.C., Risco publicly berated her again. On the night before, Risco had sent a heavy volume of emails to the leadership team. Contractor and Witness B told him that such behavior was not appropriate. He became enraged and verbally attacked Contractor. In her interview, Witness B did not provide an account of this incident.

IV. Review of Relevant Policies and Practices

TARC has taken a number of preventive measures to promote an environment that is free of sexual harassment, including an anti-sexual harassment policy, the Executive Director's Policy Statement on Harassment and Retaliation, and harassment prevention and EEOC training programs. The handbook policy was last revised in April 2012. The sexual harassment policy, which is located in the back of the handbook, provides an outdated reporting channel, which includes notifying a supervisor and/or the Employee's Assistant Program of complaints. The EEOC policy in the handbook reiterates TARC's commitment to a harassment-free workplace but offers a different reporting mechanism than the sexual harassment policy. Finally, neither policy includes an anti-retaliation provision.

Ironically, the Executive Director's Policy Statement on Harassment and Retaliation, which was created during Risco's tenure as executive director, offers the most comprehensive version of guidelines. As indicated in the title, in addition to harassment prevention, the policy also sets forth TARC's prohibition against retaliatory actions. Further, it provides a multi-channel reporting mechanism, including a supervisor,

any higher level manager or director of diversity and inclusion. According to the policy, supervisors and managers who receive employee or customer complaints must notify the director of diversity and inclusion. The contact information for the director of diversity and inclusion was also included on the form. Thus, regardless of the origin, all complaints of sexual harassment are reportable to the director of diversity and inclusion who is responsible for ensuring that a prompt and thorough investigation is performed without regard to the alleged perpetrator.

TARC also provides harassment prevention training to employees. The most recent harassment prevention program was offered in July and August 2018. Human Resources maintains records of attendees. Similarly, TARC conducts Equal Employment Opportunity training for all employees. A section of the EEO training is devoted to harassment prevention. A review of the presentation for the latter training indicated that similar to the harassment policies, the training offers a legal definition of harassment without any examples of unacceptable behaviors. Further, the training, and policies, lack key elements that were identified by the EEOC Sexual Harassment Task Force in 2018, such as, focusing on affirmative behaviors that create a culture of respect and dignity, bystander responsibilities, adopting an anonymous reporting mechanism, and conducting compulsory implicit bias training.

V. Key Findings

Prior to this allegation, the Board or any entity, person or affiliate of the Board had not received any complaints of sexual misconduct related to Risco. Once on notice, the Board took prompt action to investigate and effectuate appropriate remedial actions to prevent recurrence by Risco and to identify and implement best practices to repair and rebuild a healthy work environment at TARC.

The investigation confirmed the allegation reported during the weeks of January 27 and February 3, 2020. The investigation found that Risco habitually engaged in sexual misconduct with two current employees, i.e., Witnesses A and B, during his employment at TARC. Witnesses A and B were credible with respect to sexual behaviors directed at them in the workplace. Based on the information gathered, including corroborating text messages, their specific allegations of sexual misconduct directly linked to the workplace were deemed factual.

In April 2019, an employee reported a complaint of alleged sexual misconduct committed by Risco to a TARC professional¹¹ responsible for investigating such complaints. The TARC

¹¹ Witness C.

professional responsible for investigating such complaints failed to carry-out her duty to promptly investigate. Before any investigation began, the employee was terminated. After the employee was terminated, the professional still failed to commence the investigation. The professional also failed to notify the Board or any non-conflicted TARC authority or agent of the complaint against Risco. Contractor received payments from TARC intended for consulting services. The value of the payments issued far exceeded services rendered to TARC as demonstrated by the lack of limited, if any, material work product.

Risco attempted to or engaged in sexual activity with Contractor on four separate occasions.

Contractor received multiple sexually vulgar and lewd communications, i.e., text and signal messages from Risco, including, a picture of his penis and of a woman's private covered like a banana split sundae.

TARC's policies and training programs are outdated and not reflective of a modern approach to harassment prevention education and training in the wake of the #MeToo movement. In this instance, however, flawless policies and training could not have withstood Risco's flagrant misuse and abuse of power.

VI. Recommendations

In the aftermath of sexual misconduct committed by TARC's executive director, we offer the following recommendations to promote a healthier, respectful workplace culture that is free of behaviors that violate TARC's sexual harassment policy.

- Review Organizational Design, Functions, Roles & Responsibilities
- Review of Administrative Policies and Procedures
- Strengthen the Office of Diversity Function, including, among other enhancements:
 - Conduct Mandatory Behavior-Based Sexual Harassment Prevention Training with Compulsory Implicit Bias Training
 - Conduct a sexual harassment organization-wide survey one year after implementation of best practice enhancements

- *Communicate with the entire organization the path forward following this incident*
- *Evaluate protocols, i.e., checks and balances, for the selection and approval of contracts*

SECTION 3: —STRUCTURES EXPLOITED FOR SEXUAL HARASSMENT

From the Investigator’s report, it is clear that Risco targeted several women for sexual harassment and abuse. Additional interviews conducted internally and in conjunction with the Metro Council investigator paint a picture of a man who slowly and deliberately chose his victims and set his stage for grooming them. Based upon these interviews, it is our opinion that this latter “stage setting” involved a two-fold process of either isolating or terminating competent individuals (the “outer circle”) and promoting or developing others held closely for victimization (the “inner circle”). Risco appears deliberate in his choice of victims and gradual in his grooming process. Risco’s victims shared many of the same characteristics—they were all African American females. In most cases, the victims were young and single mothers who would depend upon TARC and, therefore, Risco, for their financial well-being. The following represents anecdotal reports of several witnesses which may help to paint a picture of who Risco was and how he cultivated TARC’s structure to his advantage so that he could exploit personnel.

A. BOARD ISOLATION

Risco’s interactions with the TARC Board are telling, especially when compared to Board relationships under the previous Executive Director, Barry Barker. Barker had maintained a very good working relationship with the Board during his 25-year tenure. He regularly called the Board members and interacted with them. He also allowed others within the TARC organization to have direct communications with the Board members. As a result, the Board was able to converse with several directors for needed information and employees were able to feel comfortable communicating back with the Board. Board member J.C. Stites, a local multimedia company president and vocal advocate for transportation change, joined the Board in 2017. He described Barry as laid back and while the board meetings might not have been “tight or well-prepared” they were relaxed and the Board Members were able to understand and work through issues.

That changed in the 14 months when Risco was Executive Director (either in an interim or actual capacity). During that time, Risco appears to have gradually alienated the Board. This is especially true after April 2019 when he was named permanent Executive Director. It is the opinion of these authors that Risco appears to have waited until he secured the “top spot” prior to implementing this gradual alienation.

First, Risco began to limit access that his employees had with the Board. The employees were no longer presenting matters; Risco presented everything. Alice Houston, a long time Board member and the chief executive of a national logistics company, reported that, under Risco, the staff was shut down slowly. She initially chalked the changes up to a differing management style owing to Risco’s military background, but she began to feel that this is not what she wanted for

TARC. At the same time, she noted that Risco was highly innovative and that there were a number of very positive changes occurring at TARC.

In short, she was pleased with TARC's direction, but was growing concerned about Risco. She shared her concerns with other members, including Mary Morrow. Mary is a long-time member of the Board and a Certified Public Accountant. Mary had also noticed that Risco had stopped having the Directors at the meetings and that he delivered everything. That caught their attention, and it made them uncomfortable. Whereas Barry would front-load information, Risco operated by dumping information on the Board at the last minute. Presentations from other employees had stopped and the phone calls had stopped. Mary reported that in August or September, she began to request Risco implement a committee structure wherein the Board could have access to employees and to pertinent information as it developed.

Similarly, Ted Smith, a Board member since May 2019 and an Associate Professor of Environmental Medicine, indicated that he began calling Risco in June asking to become more involved in development of innovation systems. He liked Risco's direction and wanted the Board to be involved. Risco, according to Smith, was not interested in his help. Smith followed that up in the fall of 2019 with a face-to-face meeting over coffee. Smith reported that he wanted to help TARC and the Board but that he was looking for more information. Risco said, "I'm providing you all the information you need." Smith reports that he was offended at the comment and offended that Risco never followed up. Smith also found that Risco managed the Board meetings so as to not promote communication. "No presentations by anyone other than Risco." Thus, there was no opportunity to know anyone other than Risco and no connection with the staff.

Likewise, Chuck Rogers, a staff attorney for the Commonwealth Administrative Office of the Courts and an advocate for the disabled, began to notice in the fall of 2019 a diminishment in contact with employees including the Director of Finance, Tonya Carter. He brought this up to Tonya who indicated that she was not allowed to communicate directly with the Board.

Thus, Chuck joined Mary, Ted and Alice's concerns that there needed to be more Board involvement and more Board scrutiny. At the time, there was nothing known to the Board in the fall of 2019 to cause the concern, but there was a general sense that the Board was being sidelined and they wanted to bring back controls. In the words of JC Stites, "I saw positive signs of momentum, but the guy made me feel uneasy."

Compounding these problems were the significant changes in the Board leadership that occurred in the fall of 2019. Mary Morrow described that long time Board Chair Cedric Merlin Powell, a UofL Law Professor, left the board for teaching duties in September. Thereafter Mary Margaret Mulvihill, a former alderman and longtime supporter of TARC was appointed Chair, but she in turn, became ill. This resulted in three open seats on the Board. Despite these challenges, Morrow and the rest of the remaining board members began to demand more scrutiny.

Risco responded in two ways. First, he began to cancel Board meetings. From September to December, Risco canceled both the November and December meetings. This concerned Morrow so much that she had a meeting with him in December of 2019 and told him that if he didn't start having meetings and give her the committee structure that she was demanding, she would not approve a single resolution he brought forth. She would shut down his ability to do anything.

Secondly, Risco appears to have been actively engaged in lying to the Board over significant matters. As is discussed in greater detail in Section 5, Risco actively deceived the Board over a “sole source” contract he wanted to award to a vendor that he had, unbeknownst to the Board, been sleeping with. There is little question that Risco would resort to lying to the Board to which he owed fiduciary duties.

Ironically, one of the new Board members that was appointed to the Board in 2020, Carla Dearing, happened to be in a meeting with Risco in late 2019 where he spoke about his relations with the Board. She recalled him saying, that “he didn’t pay any attention to his Board, they don’t get me, they’re ridiculous.” She did think the comments about the Board were strange, especially in that setting. In retrospect, it is clear that he was diminishing the Board and working to marginalize them publicly and privately.¹²

As is discussed in Sections 2 and 7, the Board was not made aware of Risco’s sexual improprieties until the end of January 2020 and he was gone in early February 2020. It also seems clear that there were deficiencies in the Board’s ability to gain information into the day-to-day functioning of TARC. The board was alienated, a fact which Risco had fostered since at least April 2019.

Recommendations and Changes

The Board and Interim Executive Directors have worked to establish governance committees that will allow greater access to the Board and develop better communication with personnel. At present, they have established four different Committees: a Finance, Audit and Risk Management Committee which will meet with financial staffers and will require a preview of any resolution that TARC seeks and to have more access to important financial information; a Customer Service Committee to meet with personnel and address customer complaints and the communications from elected officials; a Strategic Planning and Technology Committee to meet with staff and develop a progressive transit system with appropriate technology and to meet with personnel; and a Human Resources Committee to review the Executive Director’s compensation, perform self-assessments and identify Board training opportunities. This Committee will also ensure that the policies and procedures applicable to all employees—including on matters of sexual impropriety and financial concerns—are discernable and public. As part of that latter process, the Board is working with the Interim Executive Directors and the TARC Office of Diversity and Inclusion to develop necessary training for the Board in several important areas, including sexual harassment, implicit bias, and “bystander” training. Similarly, the Board will ensure that the executive management team will have the same training.

The Board has also established a Code of Conduct applicable to everyone. The lack of a comprehensive code has been recognized as a significant deficiency. This Code which was adopted by the Board in May 2020 appears at Exhibit D. It covers several areas including financial improprieties and sexual harassment policies incorporated from TARC’s EEO policy.

¹² In this sense, Risco appears to be a master manipulator. Again and again, he would speak poorly of one group of people in front of others. If he had difficulty with one person, he would often make up stories about them to report them to others. If a person questioned or got too close, he would often tell others that they couldn’t be trusted.

Additionally, by the time of the issuance of this Report or shortly thereafter, the Board will have approved a new Employee Handbook to replace a 20-year-old handbook that has existed since 2000. This new handbook is the product of an internal review of all policies and procedures with an eye to make sure that an employee can clearly understand their rights, responsibilities, and most importantly, what to do if they have been traumatized by another team member. Within that handbook, clear reporting mechanisms for violations of this Code are front and center with avenues for either internal, local, state and federal reporting clearly stated within the guidebook.

The Board has also approved the creation of a TARC Tip line to allow the anonymous reporting of violations at TARC. That Tip line is administered by an outside third party vendor who in turn, delegates reports to an Ethics Review committee consisting of a member of the TARC Board, a member of TARC's legal team, and a Member of TARC's Diversity and Inclusion Office (the Office responsible for the investigation of harassment and discrimination matters under TARC's federal granting authority). If crimes are alleged, they are immediately and automatically reported to the LMPD at the same time as they are reported to TARC. All complaints from the Third party tipline will be reported monthly to the Board and are subject to open records reporting.

In short, the Board has endeavored to create a place where a person who is in need of reporting a trauma has an avenue to do so. The Board has also created oversight mechanisms to allow checks and balances to the executive powers that Risco exploited.

B. EMPLOYEE ALIENATION AND EXPLOITATION

The Board was not alone, TARC's employees and staff were also subject to manipulation and alienation. From the investigations, a picture of a man develops who slowly and deliberately chose his victims and set his stage for grooming them. Based upon these interviews, it is our opinion that this latter "stage setting" in the executive management team involved a two-fold process of alienating or terminating competent individuals (the "outer circle") and promoting or developing others for victimization (the "inner circle"). Risco appears deliberate in his choice of victims and gradual in his grooming process. Risco's victims shared many of the same characteristics; they were all African American females and, in most cases, the victims were young and single mothers who would depend upon TARC and, therefore, Risco, for their financial well-being. If they were not direct targets, the inner circle would consist of people not likely to divulge his misdeeds.

The outer circle consisted of the more experienced employees at TARC, the people responsible for keeping the buses running and the system operating. These individuals were kept at bay and in most cases appear to have been shunned or belittled. Many report that Risco managed through fear and intimidation. Most also report that he was very rarely there¹³ and he would not make many decisions about actual operations, allowing the more competent individuals to manage

¹³ As is discussed in Section 6, Risco travelled extensively and also maintained his family home in Atlanta Georgia. There is also evidence that Risco disappeared for a more than a month on or about June 2019 for unknown reasons.

TARC. Several members of this “outer circle” remembered Risco saying, “you’re a director, directors direct.”

Almost to a person, employees in the inner circle and the outer circle reported a complete lack of training and almost no onboarding in harassment and discrimination matters. There is a significant deficiency at TARC in training employees on EEO matters and, during Risco’s tenure, there appears to have only been one training on materials that should have been consistently front and center. Had there been more significant training in workplace issues, some of the harassment may not have occurred. Risco would have to be cognizant of this fact as he led MARTA’s EEO Office responsible for such training. This makes the deficiency especially Machiavellian.

The following represents anecdotal reports of several witnesses from the additional reviews which may help to better understand who Risco was and how he cultivated TARC’s structure to his advantage.

One director reported that Risco created an “atmosphere” of being surrounded by an “inner circle” of women during work hours. He reported that as he would go to Risco’s office, there were always several of the same women who were “hanging out” in his office. He noted that they were “giggly,” and it just didn’t seem to be business-like to him. It is notable that several of the women “hanging out” in Risco’s office identified by this witness were also the *victims* identified by TARC’s external investigator; including a compliance officer (identified here as “Witness C”) who had a duty of oversight.

Another “outer circle” director reported that whenever an employee disagreed with Risco, Risco would have a habit of commenting, “that’s ok, maybe you just won’t have a job any longer.” The clear message being that if you opposed Risco, your position was in jeopardy.

Yet another director reported that she felt excluded from organizational corporate discussions. She felt that Risco side-lined senior level members with a wealth of knowledge to create an inner circle of incompetents. She described Risco’s involvement with the Board as “he took over everything.” All presentations came through him and he wanted to completely control the message. While she felt that this is something that many leaders would do, she noted that he only relied on his “inner circle” and sidelined and “marginalized” everyone else. She also felt that Risco was pushing to make himself look better at the expense of TARC—Risco’s signature Mobility as a Service initiative being her example— which she likened to painting the façade of a building that had no roof and a broken foundation.

As an aside, it is important to make mention that Risco made it widely known he did not intend to stay at TARC long. After his appointment to the permanent Executive Director position, he began openly stating that TARC was a stepping stone for him. He intended leave TARC for one of the bigger transit cities and it was important for him to create an appearance of success. Hence the “painting of the façade” comment above.

In addition to feeling marginalized, many of these outer circle employees also felt belittled and demeaned after Risco became permanent Executive Director. One Director reported that she didn’t feel heard. Risco would always stress his vast experience and that only his ideas would take precedence. She found him to be demanding and that he would often chastise or criticize employees and treat them like “children.”

If common themes run through these “outer circle” employees, it is that they were competent or highly competent individuals who were necessary for the continued operations of TARC. These individuals were also necessary to *Risco*, they kept the buses running where he could not and allowed him to travel extensively and build the “Risco” brand. However, he ruled these individuals through intimidation and marginalization from his inner circle. Almost to a person, fear and exclusion were the threads that ran through all their accounts. The fear came from the credible threat that if you stood up to Risco, you lost your job.

Yet, to a person, the individuals in the outer circle were unaware of the sexual harassment occurring at the “inner circle.” The “inner circle” consisted of several African American women who Risco surrounded himself with and promoted within TARC’s hierarchy. As is detailed above, in Section 3, Risco promoted these women to high levels within TARC and then, in many cases, targeted them for sexual harassment. Again, these women were in many cases single mothers and dependent upon Risco for their livelihood.

These women were not likely to report their targeting or Risco’s misconduct.

C. SCRUTINY OF SPECIFIC EMPLOYEES WHO MAY HAVE HAD KNOWLEDGE.

It is important to scrutinize the upper level management employees at TARC to determine whether there was knowledge of Risco’s misdeeds. For the most part, the Director level employees reported that Risco was abusive and belligerent, but they had no evidence of specific wrongdoing. Most loved their work and could not have imagined Risco as capable of such action. While they did not appreciate his management style, they chalked it up to a demanding boss. Most were on the “outside” circle and knew nothing of Risco’s acts.

However, special scrutiny must be given within this report to some upper level employees based solely upon their positions of power. These individuals’ positions, alone, require additional scrutiny in this inquiry.

1. Witness C.

One critically important individual to Risco’s targeting scheme was an individual employee referred to in Section 2 as Witness C. Witness C was hired by Risco to be TARC’s compliance officer. Risco hired this compliance officer after meeting her at a fraternity cocktail party. She was one of his first hires after being named Executive Director. The compliance officer’s position was to supervise the department where complaints of sexual harassment and discrimination would be received. The department was also responsible to actively look into potential harassment abuses and to train other employees to be “on the lookout” for potential abuses. The existence of the department is necessary and a prerequisite to receiving federal funding from the Department of Transportation.

When she was hired to run the department, the compliance officer had not a single day’s experience in compliance, but she did have two important characteristics: she would be financially dependent on TARC and was a young African American woman who fit Risco’s profile. She also had other characteristics that would prove beneficial to Risco. She was not known for her discretion. Many of those interviewed indicated that they did not trust her to keep them safe from Risco and did not feel comfortable reporting to her. Risco also allowed her to maintain a second

job—in violation of TARC’s policies on secondary employment—that kept her away from TARC during normal business hours.

In short, the most important office at TARC to keep Risco in check was staffed by the least competent person Risco could find. Based upon her interview, this compliance officer had evidence that Risco was sexual harassing as early as April 2019. She failed to carry out her duty to promptly investigate. It appears that soon after a victim made a report to her, the victim was terminated. The compliance officer still failed to commence any investigation. Witness C also failed to notify the Board, outside external agencies, or any non-conflicted TARC authority or agent of the complaint against Risco for almost ten months. There is a conflicting report from the Contractor that indicates Contractor, Witness B and Witness C attended a conference in Dallas Texas in April 2019 where they discussed terminating the complaining witness with Risco. Obviously, at that time, Witness C would have known that the complaining witness had raised a complaint about Risco.

Witness C was present and admits she was witness to other instances of sexual harassment. Likewise, other witnesses report her presence at instances where Risco’s sexually harassing or demeaning conduct occurred.

It is unclear when, but Witness C also gathered credible complaints from others about Risco’s conduct and, likewise, did not do anything. As mentioned above, Witness C fit the pattern for Risco’s victimization and she has alleged that she, too, was sexually victimized on other occasions. From the investigator’s report, it is clear that she was present when sexually harassing comments were made by Risco. In other avenues, she alleges that she was, herself, the victim of a sexual assault by Risco in September of 2019 though she did not report that fact to TARC’s Investigator. At least two witnesses have reported that Witness C had consensual sexual encounters with Risco, a fact that she denies. Regardless, as is discussed above at Section 2, it also appears that she was groomed, literally and figuratively, to be more attractive to Risco by Contractor.

According to her interviews, she did not bring forth the victimization of others because she was scared and unsure of where to report. It is the opinion of these authors that if Witness C had been competent enough to investigate and report the incidents in April of 2019 when they were reported to her, the swath of destruction Risco created at TARC would not have been as wide.

As a testament to the level of her fear and incompetence, when Witness C finally did come forward in January of 2020, she came forward to TARC’s Director of Finance (“DOF”). As is discussed in Section 7, below, it is likely that she came forward for reasons other than her job duty. When she did come forward in January, the Witness C told the DOF that she had reports of Risco’s sexual harassment and did not know what to do with them. It was TARC’s DOF who compelled Witness C to act. The DOF told her that it was her job and duty to report the abuse and threatened that if she did not immediately come forward, the DOF would. When Witness C indicated that she didn’t know who to call, the DOF looked up the numbers for the Deputy Mayor and the Board Chair and gave them to Witness C. The DOF also followed up to make sure that Witness C made the reports. A detailed summary of the Report and Response are in Section 7 below, but it is clear that a compliance officer who does not know who to call or whether to act was simply not competent to run TARC’s compliance office. Witness C was terminated by the Interim Executive Team.

2. Witness B.

Witness B was a subordinate at TARC for several years prior to Risco's hire. While she was a trusted employee, her duties were almost exclusively secretarial and clerical. She had no direct reports and earned approximately \$50,000 per year. In the course of a few months, Risco had given her two promotions to positions that did not exist. She was given three pay raises and a car. These positions were not publicly posted and she did not have to apply. Her concluding salary after the raises was \$120,000. These changes occurred almost immediately after Risco became Executive Director.

Some people interviewed identified Witness B as someone with potential knowledge of Risco's sexual harassment and interactions. Witness B confirms that Contractor had reported to her that she had been. She admits that she acquired knowledge of the Contractor's reports of sexual harassment in October 2019. She did not take action on these reports. She also claims that she was sexually harassed herself by Risco during his tenure.

As part of her promotional package, Witness B was able to take a substantial number of trips, including to New York, Washington, DC, Tampa, Long Beach, and Dallas. The costs to TARC were significant.

At the April 2019 Dallas conference, Witness B reports that she discussed problems with an employee speaking to the TARC Board directly and not going through her or Risco. She did not like that or think that this was appropriate. While she denies that they discussed terminating this employee at the conference, Contractor disputes this fact. Regardless, immediately upon returning from the conference, this employee was terminated and Witness B had the person's job and salary within months.

She also reports that during this conference, she was sexually harassed by Risco during a drinking party in Risco's hotel room. She reports that another female TARC employee, Witness C, the compliance officer, was present during this instance of sexual harassment. She reports that she did not convey this information to the Board.

In that vein, she claims that there were other instances where Risco would sexually harass her, including discussing her wedding ring and areas in his office where he wanted to establish a "boom boom" room for sex. She states she was present when these types of comments were made to her or in front of her and others and she did nothing to protect those employees. Risco would speak of his exploits with his "exes" regularly and how they "wanted" him. He used derogatory terms for African Americans in front of her. She described that on trips he was terrible and was abusive to everyone. She reported that he enjoyed having Caucasians working for him because he liked bossing them around. He would speak in sexually derogatory terms about transgender individuals. Witness B reported a number of specific instances where Risco's behavior was actionable. However, she did not report them.

There is some evidence that she may have promoted or abetted the conduct. She reports that in November or December she encouraged Contractor to continue to go out with Risco but states that she did not know they were having sex.¹⁴ This is inconsistent with her other report that

¹⁴ Witness B indicates that she did ask Contractor to patch things, up, because Risco would be "nasty and evil" and this would get worse around November and December. She reports that he had started to get worse, his circle got smaller, he was paranoid about things. His behavior and moods, and the group of people he did not like kept getting bigger.

she learned the Contractor and Risco were having sex in October. She also admits that she tried to improve at least one TARC employee's physical appearance so that the employee would not be so unattractive to Risco.

Whatever her knowledge, she states that she did not report to the Board because she was fearful of losing her job. She was aware that Risco terminated people regularly and she did not want to cross him. She also reported that she felt like if she came forward to the TARC Board it would be an embarrassment for TARC. "I had hopes that he would change. I didn't want a total embarrassment for TARC. I was loyal and I cared. I hoped that he would listen and change. She stated that she had "hopes for him." And "didn't want him to fail." "You're a black CEO in Louisville. You have to do right by that." "I was embarrassed and ashamed," she reported.

It was clear that Witness B was not competent to move from her mostly clerical role to one of the most powerful positions at TARC. She misunderstood her responsibilities to the Board and to TARC as an organization. The fact that she garnered information and did nothing with it is evidence that she lacked the skills necessary to manage in the position.

As is discussed below, Witness B was also placed into a position of some financial responsibility over Contractor's Contract and Risco's travel expenses. Her signature appears as a requester or approver on some questionable matters. It is likely that she was merely Risco's rubber stamp. Nonetheless, her signatures of approval raise questions whether she competent to be in a position that carries some fiscal responsibility. Additional questions are raised by the fact that she began to travel extensively with Risco as well.

However, it is highly likely that Risco chose Witness B *because* she was malleable and unlikely to report his abuses. Thus, she mirrors the Witness C in the characteristics necessary to be within the "inner circle." By giving her a significant pay raise of \$70,000 and other perks of the position, Risco made it even less likely that she would turn on him. In fact, she did not come forward until February 9, 2020, and then only because the Witness C had invited her to meet with a plaintiff's attorney who was interested in suing TARC. She reported¹⁵ that felt like she needed to come forward to protect herself only then. It is the opinion of these authors that her coming forward at this time was motivated by her self-interestedness as opposed to any protective desire for TARC.

Witness B was "inner circle." While she may be sympathetic and present as a victim, as one of the top people at TARC she simply failed in her responsibilities. It is likely she got caught up in the promotions, the travel and the money associated with her new promotions. When coupled with the fear Risco engendered, she would be the perfect person to protect him, wittingly or unwittingly. The fact that she received two promotions to unposted jobs that did not previously exist—and went from \$50,000 to \$120,000 over the space of a ten months—does make her suspect. However, it is the incompetency evidenced by her failure to take the appropriate steps at the right time which showcases that she simply was not "fit" for the job. In order to protect TARC going

¹⁵ She reported that she did make reach out to a former Board Chairman to talk about how Risco was hurting TARC but that she did not tell him anything about the sexual harassment matters. When he pressed her on the subject, she didn't report any specific instance. She indicated that this was at the end of January, 2020.

forward, Witness B is no longer in the command position she held, her pay was adjusted to a more commensurate level, and the position she held has been eliminated.

3. *The Assistant Executive Director*

We have examined the Assistant Executive Director not because of any allegations made against him or because of any indicia of an involvement in any of Risco's misdeeds, but simply because of his position. It would be negligent of these authors to fail to fully scrutinize him for any potential culpability because an executive at this level would be in a unique position to observe Risco and would have a concomitant duty to report. As is detailed below, the Assistant Executive Director was interviewed by both TARC's External Investigator and the Metro Council's Investigator, a former FBI agent. These interviews revealed no wrongdoing on his part. Others were questioned about him and his financial transactions were examined. To our knowledge, no victim reported sexual misconduct matters to him. After this review, there is simply no evidence that we have found that the Assistant Executive Director ("AED") had any involvement or knowledge of Risco's sexual harassment. There are several factors which we considered that were helpful in our review.

Time was an important factor. The AED and Risco worked together for less than seven months and for many of those months Risco was gone. The AED's first day on the job was July 15, 2019. Risco was not present at TARC on the day of the AED's arrival; Risco was travelling from July 12 to July 17. As is detailed below at Section 6, commencing in late August 2019, and continuing through out almost all of September, October and December, Risco was out of town traveling and otherwise taking advantage of his expense account at TARC.¹⁶ As such, Risco and the AED did not have a significant time period to interact. For that same reason, it is doubtful that victims would come to the AED as a brand-new hire when they had not come forward to others with whom they were more familiar during this period. No victim within our knowledge has indicated that they reported matters to the AED.

Risco's absence during this time period also lends some credence to the theory that the AED was hired to allow Risco to travel. The AED appears to be a highly competent operations specialist who would be competent to run the day-to-day operations of a bus company. Given that Risco commenced traveling for his own benefits soon after the AED arrived, as is discussed in Section 6 below, it seems very likely that Risco chose him because he had sufficient skills to operate while Risco traveled. Risco likely viewed the AED as a tool to allow him to travel more.

It also appears that the AED was suspicious of Risco's relationship with Contractor, discussed below in Section 5, and was willing to push back on her questionable work. The AED, together with the Finance Director and the IT Director, had occasion to work with the Contractor in the fall and winter of 2019 and it became clear that Contractor was simply not providing service to TARC. The AED was familiar with the fact that TARC was paying her \$14,000 per month commencing in November 2019 but that TARC was not getting work or the product she provided was deficient. He would ask Risco to allow him to press the Contractor over her list of accomplishments in finance matters and Risco would respond to "hold off on that." However, the AED indicated to Risco that he and Risco were financial stewards and that she needed to go. The

¹⁶ Records indicate that Risco took at least 17 trips out of town during this time period, in addition to driving home to Atlanta several times.

AED moved forward with plans to examine her work with the goal of terminating her. There appears to be evidence backing up this plan from other directors.

There is one anecdote of mention. The AED reported that when he finally convinced Risco to terminate the Contractor's contract, Risco stated that he could, but she's "probably going to say that I put my d*** in her mouth." The AED reported that he did not know how to take this comment and soon thereafter the allegations broke.

In addition to this, we also examined the AED's travel as it related to Risco's. From TARC's records, it appears that the AED and Risco traveled together four times. He stayed overnight on a trip to Frankfort Kentucky while addressing the legislature. It appears the AED went to Washington DC with Risco for a day trip to seek federal funding from the Federal Transit Authority. A second trip was a GLI sponsored trip to California with other members of a Louisville delegation. No other person travelled with the two of them and there has been no allegation that Risco did anything untoward from a sexual standpoint.¹⁷ Risco left that trip early to take another trip and the AED continued on with the rest of the delegation.

The only other trip of note was an APTA Conference held in New York in October 2019. Present on that trip were Contractor, Witness B, Risco and the AED. However, the Witness B and the Contractor stayed in a different hotel and expense reports indicate that the four only dined together only one time during the session. The AED reports that Risco and Contractor appeared to be arguing, but he could not figure out why. He also wondered why Contractor was on the trip at all as she was not doing anything for TARC. Finally, the AED also reports that he found it odd Witness B was concerned about Risco's reactions to certain potential slights.

With regard to Risco's overall demeanor, the AED did report that Risco would regularly curse in front of him and others, and he was very quick to anger. The AED described Risco as a narcissist and a bully. However, the AED saw nothing inappropriate in his six months that gave rise to a suspicion Risco was sexually harassing anyone. While the AED also reported that Risco would use locker-room language in front of him when the two were alone, including commenting on women's figures on social media, he felt that was simply indicative of Risco as a crass person. However, there were no alarm bells raised to the AED that Risco was harassing anyone.

On the subject of the AED, based upon the short period of time the AED was at TARC, the limited interaction between Risco and the AED given Risco's travel, the AED's willingness to stand up to Risco on the subject of Contractor, and the fact that no witness has stated that they reported anything to him, we can opine that there is no evidence of wrongdoing on the part of the AED.

¹⁷ As is detailed in Section 6, below, Risco likely took advantage of TARC from a travel perspective. He came to California early on TARC's expense account. The AED did not.

In concluding this Section, which examined those structures created or exploited by Risco so that his conduct went undetected, several matters become apparent. The development of Risco's structure--of an isolated "outer circle" of competent individuals left to run TARC and a likewise marginalized "inner circle" who would be victimized by him and cover up for him--allowed him to exploit TARC undetected. He created and staffed the compliance office that would be responsible for oversight with a person not competent in the field, sexually harassed her, and allowed her to maintain a second job that took her away from TARC. He created a position for another individual and paid her highly because she was, in the opinion of these authors, highly unlikely to report sexual harassment matters and excessive travel expenses. These measures seem too well-planned than to be anything other than by Risco's design. In his own words, in a December 7, 2019, conversation between Risco and Contractor, he speaks of exactly that, his "circle." To that, Risco was a highly intelligent and sophisticated operator and adaptive enough to present multiple personas to different audiences. To the Board and the "outer circle" employees, he presented as the consummate innovator. To the "inner circle" of victims, he was a monster.



Recommendations and Changes

The Interim Executive Directors and the Board have undertaken to remedy the deficiencies Risco caused or exploited in a number of ways:

- The office responsible for training and investigation of sexual harassment matters has been reoriented and re-staffed. Competent professionals with significant experience have been hired. This office is setting up top-to-bottom training for all TARC employees to understand their rights and responsibilities. One of the first tasks was to reorient and re-staff the compliance office responsible for sexual harassment training, compliance and investigation. As part of that latter process, the Board is working with the Interim Executive Directors and the TARC Office of Diversity and Inclusion to develop necessary training for the Board in several important areas, including sexual harassment, implicit bias, and "bystander" training. Similarly, the Board will ensure that the executive management team will have the same training in turn.
- As mentioned above, new employee materials including an employee handbook have been created. That handbook is the product of an internal review of all policies and procedures with an eye to make sure that an employee can clearly understand their rights, responsibilities and, most importantly, what to do if they have been traumatized by another team member. Within that handbook, clear mechanisms of reporting violations of sexual harassment appear within the guidebook with avenues to reach internal, local, state and federal agencies.

- The aforementioned Tip line was created to allow anonymous reporting of violations at TARC. That Tip line is administered by an outside third party vendor who in turn, delegates reports to an Ethics Review committee consisting of a member of the TARC Board, a member of TARC's legal team, and a Member of TARC's Diversity and Inclusion Office (the Office responsible for the investigation of harassment and discrimination matters under TARC's federal granting authority). If crimes are alleged, they are immediately and automatically reported to LMPD at the same time as they are reported to TARC's Ethics Review Committee. In addition, all completed complaints from the Third-party Tip line will be reported monthly to the Board and are subject to open records reporting. This allows "real time" reporting of issues to several people at the same time.
- TARC has established the new Office of General Counsel to be staffed by a competent attorney. Unlike many other large municipal organizations, TARC did not have a lawyer on staff and on site. The Office of General Counsel will be responsible for many areas, but one of the primary responsibilities will be the establishment of robust reporting and compliance mechanisms for employees and to work with TARC's several compliance offices and officers to ensure that "Risco" never happens again.
- With regard to hiring and firing, it is recommended to the Board that the Executive Director be required to account for hiring and firing of administrative and executive level staff at TARC's newly established Human Resources Committee. While KRS Chapter 96A and the TARC Bylaws vest hiring authority in the Executive Director and that is very proper, a "check and balance" should be created that requires the Executive Director to notify the Board of significant changes to the organization.
- TARC has reached financial settlements with most of the TARC employees who have come forward with financial claims for sexual harassment against Risco as of this date. One of the primary focuses TARC had was to address the trauma caused by Ferdinand Risco. The settlements with these sexual harassment victims were reached quickly, but represent months of work and the firm desire that these women, victimized by Risco, not be put through a lengthy litigation process. They and their families should be allowed to heal and not be victimized again.
- In addition, TARC contacted the Louisville Metro Police sex crimes and PIU divisions to have an assigned detective and victim's advocates on standby for these victims. Many victims of harassment and abuse do not wish to come forward for fear of being retraumatized and belittled or degraded in the community. Nonetheless, that contact information was provided to the victims' lawyers so that if the victims wish to come forward and press charges, they can do so safely.
- TARC has instituted a suit against Risco to recover from him some of the damages he caused. While TARC was obligated to indemnify Risco pursuant to KRS 65.2005, that statute also gives a right of recovery to municipal entities for the wrongs they committed. Too often, the ultimate wrongdoer escapes consequences for their actions. The TARC

Board and the Interim Team do not believe this should be the case with Ferdinand Risco and have sued him for recovery. A copy of this Complaint is attached as Exhibit E.

PART II—FINANCIAL CONCERNS

When the Interim Team arrived at TARC in March 2020, it was clear that Risco had likely sexual harassed more than one individual. However, the Interim Team was also confronted with evidence that there may have been financial improprieties as well. The Interim Team undertook a comprehensive review of the transactions that occurred while Risco was Executive Director, that period of time between December 1, 2018 and February 12, 2020. The comprehensive review examined three major areas: contracts that did not go through standard channels and specific contracts that employees found suspicious; a related review of a contract that was highly suspicious; and Risco's spending from expense accounts including travel related expenditures. From that review, there were two clear issues, Risco's contractual relationship with Contractor and Risco's excessive travel.

SECTION 4: CONTRACT AND PURCHASING REVIEW.

By way of introduction, on October 26, 2015, TARC's Board adopted an official procurement policy in keeping with its requirements under state and federal law. This procurement policy provides that spending can occur at TARC, but that it must follow specific guidelines and oversight. As contracts and purchasing increase in amount or value, additional layers of scrutiny are applied. Most contracts require TARC's Purchasing Department obtain multiple valid quotes or resort to a competitive bidding process. All contracts over \$100,000 must go to the Board for approval. The system was set up for dual signatures and oversight. The Interim Team undertook to examine the contracts that departed from the norm and that did not follow normal procurement policies. There were very few, and most of them were justified under TARC's procurement policies. However, some were not. Each is specifically addressed by the name of the vendor:

1. InfoDev. Value of sole source contract, \$16,045. The vendor had already been awarded a competitively bid contract for the development of automated passenger counters. This sole source was consistent with procurement rules and the basis was properly annotated in the file. By way of explanation, under our purchasing rules and regulations, this contract was less than \$35,000.00 and thus qualified as "small purchase." Moreover, the basis for the contract was for assistance with patented or restricted data dealing with InfoDev's proprietary equipment. In all instances, this contract appears justified. A Justification and Approval form cross checked by two directors exists in the TARC file.

2. Traffic Control Products. Value of sole source contract, \$74,000.00. This Contract was made in conjunction with Louisville Metro for the buildout of the Dixie RAPID (BRT) project. TCP is the distributor of the Emtrac transit signal equipment used on the project. As such, they have a proprietary interface between their equipment and our real time feeds for bus service. Louisville Metro and the Transportation Cabinet had already approved the sole source contract, as part of their use of their own grant funds. TARC has written documentation of internal justifications for the sole source of this contract and it appears justified. There is a Justification and Approval form cross checked by two directors.

3. ZED DIGITAL: ZED Digital is a data aggregation company that started working in transit in 2017. In August 2018, market research conducted by TARC staff determined that ZED offered a patent pending, unique concept that best fit TARC's needs. In September 2018, ZED and TARC entered into a contract under which TARC would pay ZED an amount not to exceed \$248,000 for web hosting services and trip planning. This Contract was executed under Barry Barker and was deemed to be in compliance with TARC's Procurement Regulations at that time. The Board approved the Contract. In June 2019, Risco authorized ZED to pilot a mobile ticketing application for a fee of \$38,000 which would not have required Board approval. In July 2019, Risco authorized ZED to complete the roll-out of mobile ticketing for a fee of \$286,000 payable over 5 years without complying with TARC's purchasing policies or gaining approval by the Board.

ZED is providing essential and good services to TARC. Due to the lack of prior Board approval on one of the three contracts, the Board will be asked to ratify the existing arrangement with ZED.

4. MJS Solutions. Value of sole source contract, \$23,715. This contract was to provide electrical and value engineering on a solar project (P2719) competitively bid by another contractor. MJS Solutions had familiarity with TARC operations and had a proprietary concept to manage electrical demand. The value of the project was below the \$35,000.00 small purchase threshold and was permissible. In all instances, this contract appears justified. There exists a Justification and Approval form cross checked by two directors.

5. Contractor's¹⁸ Contract. This contract likely violated TARC's internal procurement rules and rules regarding state procurement policies. While it does not appear that federal funds were used, internal procurement policies were violated in the award of this contract.

Given the many insufficiencies of this contract, it is treated under its own separate section, Section 5 below. However, it is safe to say, for purposes here, that this contract raises significant questions about the Contractor and Risco. There is no valid justification for Contractor's contract being sole sourced.

6. EPIC Benefits Brokers

Ferdinand Risco shifted TARC's insured medical plan to a self-funded plan. He did this after working with EPIC in Atlanta with someone he knew before moving to Louisville and joining TARC. This was a significant risk management issue which was completed prior to the Board being notified. EPIC then became the broker for health and supplemental benefits. Risco was provided with a letter which he signed for each insurer directing that commissions be reassigned to EPIC. When the Humana commission was less than expected, Risco agreed to have TARC pay additional compensation to EPIC. In return for receiving significant compensation from commissions, EPIC provides consulting, communication and actuarial services.

After an exhaustive search of a significant number of documents, the Interim Team has concluded that there was not an RFP for a new broker, and there is no contract between EPIC and

¹⁸ Contractor—identified above at Section 2--is not identified in the Memorandum as she may be a victim.

TARC. Therefore, EPIC was notified that this work is going to be bid through TARC's normal RFP and purchasing procedures.

7. Colonial Life Insurance

Risco collaborated with a fraternity brother to provide a new "voluntary" benefit to TARC employees through Colonial Life. "Voluntary" implies that employees can elect to buy additional benefits. In this case, the full premium was paid by TARC for an unusual, additional benefit. TARC employees were not allowed to enroll in their normal benefit plans without being assisted by a representative from Colonial Life. Not surprisingly, every employee opted for this new "voluntary" benefit. This benefit will not be provided in the next plan year. It should be noted that Risco was lavishly entertained by Colonial in California, with TARC paying some travel expenses.

With the decision to re-bid the brokerage agreement with Epic addressed above, the broker winning the bid will be evaluating various insurance companies. This may include Colonial Life Insurance.

8. Arnold Lee Green

Arnold Lee Green was introduced to Ferdinand Risco by Contractor in June of 2019. Mr. Green is apparently the Chief HR Officer of the Beneficent Group located in the Dallas/Ft. Worth area (where Contractor lives). This company provides lending and liquidity products to owners of alternative assets. Shortly after meeting Risco, Mr. Green submitted a proposal to Ferdinand Risco to conduct a "needs analysis" for \$19,500. Risco hired Green and agreed to pay 50% of his fee in advance. This is a clear violation of TARC policies in that several local vendors should have been given an opportunity prior to an award to Mr. Green. Mr. Green and Risco exchanged emails about possible meeting dates, but no meetings occurred and Mr. Green did not provide consulting services to TARC. Risco did not seek to recover the \$9,750 paid to Green.

It should be noted that the check was made out to Green personally and mailed to his home address. Because of the suspicions surrounding Contractor and the fact that Green performed no work, TARC has demanded the return of the \$9,750 it paid him.

9. AHJ Operations and Consulting

Edward L. Johnson worked in the Office of Diversity and Inclusion at MARTA where he knew Ferdinand Risco. He became the CEO of Central Florida Regional Transportation Authority but left there with severance pay in February 2019. That same month (February 2019) he formed AHJ Operations & Consulting, where he appears to be the only employee.

In September, 2019, Risco hired Johnson for \$25,000 under a sole source contract to provide consulting on customer service and policy. He facilitated meetings at TARC and provided drafts of deliverables. Risco did not implement any of Johnson's suggestions or recommendations. This was a contract with a fixed fee plus expenses. Although the number of hours worked is not known, Johnson was on site at TARC on at least two occasions, and it appears he provided services for which he was compensated.

SECTION 5: SPECIFIC REVIEW OF CONTRACTOR'S BILLING

Contractor met Ferdinand Risco for the first time on January 30, 2019. Within one week, she had had secured a \$27,000.00 “no bid,” agreement with Risco that was kept secret from TARC’s Finance and Purchasing Departments. A week after that—and without any signed agreement—TARC paid her \$27,000.00 from a “Miscellaneous Expense” ledger housed under Risco’s direct supervision. A week after that, Risco and Contractor were, literally, in bed together having sex. The hotel room was paid for as an expense of TARC.

Contractor had been introduced to Risco on January 30, 2019. She was not vetted and five days later she submitted a \$27,000 bill. Contractor billed TARC from February 5, 2019, until May 1, 2020, when her contract was terminated by TARC’s Interim Team. During that time period, Contractor, or her related entities, billed TARC \$228,718.99 in fees and expenses. Until November 21, 2019, this billing occurred without contract; that is, there was no formal agreement between TARC and Contractor or her entities.

At some point between July 2019 and November 2019, Contractor, with the direction, assistance and collusion of Risco, changed the name of her firm to another. It is unclear, but it would appear to be because Contractor was in bankruptcy court in the Northern District of Texas and the Internal Revenue Service had levied significant federal tax liabilities against her and her entity. In email and text message correspondence, Risco also directed Contractor to create different presentations in her website and asked her to seek training in areas so that she would appear qualified. These facts make it readily apparent that she was not an expert in the field for which she was being paid. In short, Risco was actively managing Contractor’s appearance of qualification on her website and resume. This collusion was in violation of TARC’s Board adopted policies. Procurement Policies, Article VI (A). It is outrageous.

To date, there is very little evidence of value provided TARC by Contractor. There are no informative case studies, and no documents or other material indicating that she was providing goods or services to TARC. While she appeared at some meetings, performed some basic administrative functions and traveled extensively with members of the Executive Management Team at TARC on TARC’s “dime,” there is little evidence Contractor did anything for the over \$228,000 she received other than to provide Risco with documents other TARC employees had prepared, to download things from the internet, and to travel with Risco. Her value was questioned by almost every employee that had dealings with her.

Up until November 2019, Contractor was also charging TARC for expenses associated with her work. This included charging TARC *per diem* meal expenses when no contract existed for the same and while receiving meals paid for by Risco and put on his expense account. She also charged TARC for extended stays in Louisville, charging for several *days* of travel when only appearing for a TARC Board meeting that lasted two to three *hours*. She would have upgrades in hotels to larger rooms or suites at TARC’s Expense. She would charge a public transit system for private car services like Uber and Lyft when TARC had available routes and services. She would bill for valet parking for her car in Dallas while traveling for TARC. She would upgrade a plane ticket for additional legroom and charge TARC. Her expenses were approved by Witness B and Risco.

In November 2019, Contractor’s newly created entity was awarded a \$336,000.00, two-year, no bid, sole source contract for which she was subsequently paid \$14,000.00 per month. The

circumstances for this contract award, and the efforts Risco took to secure the same on behalf of Contractor, are clearly collusive and are examined in detail below. As will be discussed there, significant questions arose at the Board level about the facts and circumstances concerning this contract. However, through direct artifice presented to the TARC Board, Risco flagrantly lied when he grossly overstated Contractor's experience and past success. He instructed Contractor to create a new company and misleading website just prior to presenting her contract to the Board so it would appear as if she had a successful company and employees, and he misrepresented the nature of his relationship with Contractor and her entities. Further, Risco placed the administration of the contract outside the normal financial channels at TARC, placing the payment of her contract under the "Miscellaneous Account" under the "Executive Department's Miscellaneous Expenses" which was administered by him or Witness B.

At some point after the execution of this \$336,000.00 award, the relationship between Contractor and Risco soured. It is likely that sometime in December 2019 or January 2020, and at the behest of an employee at TARC, Contractor contacted a local attorney to pursue claims against TARC for sexual harassment.

During the course of *that* investigation, it became clear that Ferdinand Risco had utilized TARC's money to pay this Contractor more than a quarter of a million dollars for no work. **It is the opinion of the authors of this report that Risco, a public official, misappropriated public funds of at least \$228,000 to provide these funds to a woman he was sleeping with. The matter has been turned over the TARC's External Auditor, the Kentucky State Auditor and the Commonwealth of Kentucky for a potential criminal investigation. TARC has already filed suit against Risco to recover these funds.** See Exhibit E.

CONTRACTING RELATIONSHIP

According to TARC's External Investigator, Contractor and Ferdinand Risco met through Tony Parrot, Executive Director of MSD. Contractor told the investigator that she worked for Tony Parrot for 13 years and that he had hired her to work for Cincinnati MSD. This initial meeting occurred on January 30, 2019. Present at the meeting were Parrot, Risco, Contractor and two others: Victoria Johnson¹⁹ and Jeffrey Dingle²⁰. Contractor had traveled to Louisville for the meeting. The meeting was initiated by an email from Johnson.

An examination of Contractor's relationship with Cincinnati MSD would have revealed to even the most uninitiated a troubling relationship. Contractor had previously been embroiled in billing controversies while contracting for Cincinnati MSD. Contractor was named in a Cincinnati Enquirer article dated April 1, 2016, which detailed her questionable billing practices. Her hiring—over the employment of local contractors—was called "unconscionable" by a Cincinnati City Councilman, who stated, "[w]e have plenty of folks in Cincinnati that can do that." Similarly, TARC's procurement policies require that a local contractor be used and that three separate quotes be obtained before paying consultants outside the area. That was not done here. Contractor was brought on board without proper vetting and in violation of TARC's Board adopted procurement rules.

February 2019.

¹⁹ Victoria Johnson is a paid consultant from Jacobs Engineering that performs work for MSD and was the person responsible for calling the meeting.

²⁰ Principal of JoDings Consulting.

In February 2019, Contractor sent Ferdinand Risco an unsigned and undated Proposal to perform a “3 Phased Study for TARC.” The metadata on the document indicates that it was reduced to .pdf form on February 5, 2019. The Proposal promised three deliverables:

- “A Memorandum outlining ‘Findings and Recommendations.’ This will include clearly identified issues and implementable solutions.”
- “A new weekly financial report, a revised monthly report for the director, enhanced Monthly Financial Report Template for board presentations.”
- “A comprehensive budget based financial model that will give the agency forecasting capabilities and provide a snapshot of present and future financial conditions.”

After a review of Risco’s email, computer files, and executive documents, none of these “deliverables” has been located during the applicable billing period and likely do not exist. Based upon emails sent from Contractor to Risco, it would appear that the most TARC received from Contractor on this \$27,000 three-phased proposal was an email with a one-page attachment showing Cincinnati MSD’s Excel spreadsheet and a short list of questions that could be used when interviewing candidates for TARC’s Assistant Executive Director.

With regard to the cost of providing these deliverables, Contractor’s February Proposal promised that:

Our fees are always based upon the project, retainer based, and **never upon time units**. That way you’re encouraged to call upon us without worrying about a meter running, and as the person leading the effort, I’m free to suggest additional areas of focus without concern about increasing your investment.

The fee for the assistance detailed above would be \$7,500 per month retainer, payable on the 15th of **February, March, April, and May**. We request an electronic payment method and will submit our banking information to the appropriate staff member. If you choose to pay the entire amount at the outset, **we will provide a 10% reduction in the total fee. Expenses are billed as actually accrued** at the conclusion of each month and are payable upon receipt of our statement.

Immediately after receiving this proposal, Risco emailed Contractor back telling her to invoice for the full amount. He also told Witness B to authorize payment. This advance payment was prohibited by TARC adopted policies. TARC prohibits advance payments to contractors prior to the work being performed. Procurement Policies, Section VI(P). Time Contracts must have a firm ceiling price. **Procurement Regulations approved by the TARC Board of Directors on October 26, 2015**, Section VI(L).

It does not appear that the Proposal was ever accepted or reduced to written agreement. There is no formal contract for the same. This Proposal was not run through TARC’s internal procurement office, the department responsible for administering purchasing. Likewise, it was not

run through the financial office where the Contract would have been “housed.”²¹ Given the amount of the proposal—over \$3,000.00 but under \$35,000.00—TARC was obligated to follow its procurement policies on “Small Purchases” outlined in the **Procurement Regulations approved by the TARC Board of Directors on October 26, 2015**. This would have required the Purchasing Department’s analysis of at least three other contractors in the geographic area (pg. 21), or a written finding that none exist. The Purchasing Department has no such records for Contractor. It is highly doubtful that purchasing would be unable to find a competent financial consultant in the Louisville Metropolitan area and would need to resort to a Dallas Texas candidate.

Likewise, had the Proposal gone through normal channels for its size, the Purchasing Department would have had the opportunity to make a determination that Contractor was a “Responsible Contractor” under the Board approved policies at page 44. At the time, as mentioned above, Contractor was mentioned in inquiries into fraudulent billing practices at Cincinnati MSD. Since the Contractor proposal was kept from both the Purchasing Department and the Finance Department, the standard reviews and checks and balances were not done when Contractor came on board in February 2019.

Contractor was also in her third bankruptcy in ten years. In the last bankruptcy she listed more than \$400,000.00 worth of debts including a failure to pay Internal Revenue Service debts of more than \$150,000.00. It is highly unlikely that this person would have been deemed a “Responsible Contractor” under procurement policies. Even more so in the field of financial management.

While there is no record of a signed agreement, Contractor issued an invoice, No. 1703, to TARC for \$27,000.00 on February 6, 2019. The invoice included only a single line item, **“Financial Reporting Analysis & Financial Objectives Development Study.”** This would have been the day after her “Proposal” was generated. The invoice payment was “Requested” by Witness B and approved by Risco. Eight days later, TARC paid the \$27,000 invoice in full.

This payment is set to a “cost center” utilized by the Executive Department and accessed by Risco or Witness B. There is a corollary entry on the “Miscellaneous Expense Account” under the category “Miscellaneous” for \$27,000. A review of this account’s history shows no other similar expense in the tens of thousands going through the “Miscellaneous Expense Account” under the “Miscellaneous” category. To place this amount in a *double* miscellaneous category in the executive department, and to pay the amount without supporting documents, a viable contract, or the aforementioned purchasing elements makes these activities and approvals highly suspect.

TARC’s External Investigator questioned Contractor about her activities and that questioning revealed additional and even more troubling facts. As stated above, in Section 2, The investigator states that at the Galt House:

According to [Contractor], shortly after commencing her engagement with TARC, in late February or early March 2019, she and Risco engaged in sexual intercourse in her hotel room in Louisville, Kentucky.

Section 2’s Report indicates that the couple had sex on the second night of the trip. Comparing the above facts with Contractor’s travel records, she had only two trips in late February

²¹ Each Department is responsible for matters within their purview. For example, Safety and Security will “house” the contract for security services personnel, Maintenance will “house” the contracts for bus parts and supplies. Fiscal advisement should have been housed in TARC’s financial office. In this case, TARC’s Director of Finance was not informed of Contractor’s proposal.

and early March: a trip February 20th to 22nd and a trip March 6th to March 7th. Given that that the second trip only lasted one night, it is clear that the sexual activity could only have occurred February 21, 2019. Thus, over the course of a mere 22 days, Contractor had met with Risco, Contractor invoiced and secured \$27,000.00 in taxpayer funds through a “no bid sole source” contract that circumvented TARC policies and procedures, and the two had sex with each other, as Contractor, as is detailed below, travelled at TARC’s expense.

Upon having sex with an outside contractor, Risco was immediately in breach of the TARC Board adopted **Ethics Policy, 2011-21, dated August 22, 2011**. Specifically, he was securing unwarranted privileges for himself in violation of Section 2(A) and he was participating in the administration of a contract where “a conflict of interest, real or apparent, would be involved” in violation of Section 2(F). Additionally, this would have been a violation of Section 5(A) which imposed upon Risco a duty to disclose this improper relation.

April 2019.

Contractor did not issue bills for March given the advance payment, but she did issue an expense for April 2019.

The expenses included:

- Trip from Dallas to Louisville February 20, 2019, to February 22, 2019.
- Trip from Dallas to Louisville March 6, 2019, to March 7, 2019.
- Trip from Dallas to Louisville March 20, 2019, to March 27, 2019. (This included a weekend stay).

The invoice is also interesting because Contractor’s expenses departed from what was stated in the Proposal, that expenses were only to be that “actually accrued.” Contractor instead charged for a *per diem* meal allowance at the rate of what appears to be \$105 to \$122 per day, (totaling \$732 for this expense report) but would also charge food expense to her hotel room as well. In effect, Contractor practiced double-billing TARC. Further analysis is needed because Contractor’s food was often times paid for by Risco or others on a TARC credit card. Given that there is no contract in place for the time period, merely a “Proposal” and a paid invoice, these expenses are unjustifiable.

These billings are also violative of **TARC’s Board adopted Travel Policy 2015-01**, which is applicable to “consultants under contract” with TARC. Contractor’s meal expense \$732 *per diem* meal expense should have been capped at \$50 per day, and then what is only actually incurred and pre-approved. Her Dallas valet parking expenses of \$285 were excessive and in violation of policy as well.

May 2019.

On May 2, 2019, Contractor issued two new invoices for Expenses of \$1,134.73 and additional fees of \$11,925.00. Both invoices were paid May 7, 2019. Invoice 1707 (the claimed expenses) is problematic in that there are no justifying receipts to warrant payment of these

expenses. While there may be such receipts, they are not present in the file. Given the absence of these receipts, no analysis was performed.

The invoice for \$11,925.00 is even more problematic. Contractor claims she spent 53 hours during the month of April for “Additional scope billable rate through 4/30/2019--Working with Witness D (project planning and strategy, marketing, organizational training plan).” Contractor charged \$225 per hour for these additional scope billable rates. This is a rate far higher than other TARC contractors, including TARC’s attorneys. There is no notation of when these hours were spent, or on what service, merely a single line item and a request for almost \$12 thousand dollars.

This billing is simply not credible in light of other facts. Witness D was unceremoniously terminated on April 17, 2019. Risco and Contractor were attending a Dallas conference together from Sunday April 7, 2019, until Friday April 12, 2019. At this conference, according to statements provided to TARC’s External Investigator by another witness, the decision to terminate Witness D was discussed and planned by Contractor and Risco in the presence of Witness B and Witness C.

In addition to the lack of credibility, the billing represented a violation of Contractor’s initial Proposal to TARC, that, “Our fees are always based upon the project, retainer based, and **never upon time units**. That way you’re encouraged to call upon us without worrying about a meter running. . .” With the payment of this bill, Contractor had billed and been paid \$38,925.00 in fees and \$6,265.82 in expenses.

Exceeding \$35,000.00 represents a violation of TARC’s procurement policies in another way. The adopted procurement policies prohibit “aggregated” spending of amounts over the “small purchase” limitations set forth in Section (C)(3) of **Procurement Regulations approved by the TARC Board of Directors on October 26, 2015**. In this case, when the billing exceeded the \$35,000 threshold, Contractor’s contract moved from a “small” purchase to a contract that would have required competitive bidding or additional findings to warrant her continued participation. See Procurement Policy dated November 1, 2015, pages 21 to 25. Similar to the dearth of records expressed above, no such records exist.

At the end of the month, May 31, 2019, Contractor Invoiced again for \$14,625.00 plus \$3,535.56 in reimbursable expenses. At the time, no contract was in existence for the service.

The expenses included:

- Trip from Dallas to Louisville May 7, 2019, to May 9, 2019.
- May 7 to May 9, 2019 Room Expenses from a stay at Vu Guesthouse. These expenses indicate that Contractor was charging food to her room (and in one case alcohol--a charge that was rejected by TARC) while at the same time charging TARC a per diem food expense. In effect, double billing or “padding” the expense account.
- May 17 to May 22, 2019, Room Expenses from a stay at Vu Guesthouse. These expenses indicate that Contractor was charging food to her room (and in one case alcohol--a charge that was rejected by TARC) while at the same time charging TARC

a per diem food expense. In effect, double billing or “padding” the expense account. (This included a weekend stay).

The fee invoice claims that Contractor spent 65 hours for “Additional scope billable rate through 5/31/2019 (Mgmt Team Support).” This, again, represents a significant departure from her Proposal promising that there would **not be time units** billed. Though it is unclear, our presumption is that, based on her 8 days of travel to Louisville, she charged approximately 8 hours External I

Through May, Contractor’s totals for her original \$27,000.00 proposal resulted in \$53,550.00 and \$9,801.38 in expenses. It is also of note that Contractor reported to TARC’s External Investigator that during this period of May 2019, Risco attempted to sodomize her while on the Dallas trip and Risco performed oral sex upon her while she attended Louisville for a conference. She did not report these events.

June 2019.

As of the end of May, Contractor no longer had even a “Proposal” in place upon which to bill. There was not a contract obligating TARC to pay her anything. Despite this, on June 14, 2019, Contractor issued an invoice for \$8,325.00 plus \$1,595.88 in reimbursable expenses. The check payment is dated June 14, 2019. There is no internal routing form. Curiously, the stamp is dated June 13, 2019, the day *before* the invoice.

The invoice claims that Contractor spent 37 hours for “Additional scope billable rate through 6/14/2019 (Mgmt Team Support).” Though it is unclear, our presumption is that, based on her 5 days of travel to Louisville, she charged approximately 8 hours a day to TARC while here, having left Dallas at 12:40 in the afternoon.

The expenses included:

- Trip from Dallas to Louisville June 10, 2019, to June 14, 2019.
- June 10 to June 14, 2019 Room Expenses from a stay at Hilton Homesuites.

June also represents the month in which Contractor’s deliverables were due from her first “Proposal.” To date, there is absolutely no record of her performing any of the aforementioned studies for TARC. A review of Risco’s email and computer files reveal nothing. Perhaps more importantly, there was no interaction between Contractor and the Finance Department Director, Tonya Carter. Carter reported that all Contractor would do would be to ask her for information and then do nothing in response. Even in that, she asked for very little and produced nothing of substance. At approximately this point in time, Tonya Carter began complaining about the lack of contract, the bills, the expenses and expensing Contractor’s travel on TARC company credit card. Tonya would regularly ask Risco for any Contract allowing such billing, but none was ever provided. Through June 2019, Contractor billed \$61,875.00 in fees and \$11,397.26 in expenses.

July 2019.

July is a questionable month in that Contractor bills TARC under *two* separate entities, Contractor's Consulting firm and a newly created LLC. Contractor provided a one page "GANT(sic)" Chart showing 15 financial management projects to be done in July and August. These projects appear to have never been completed. On July 8, 2020, Contractor issues a new "Proposal" to Risco to provide new services:

For this engagement, I will serve as a key strategic advisor to the Executive Director to provide strategic, unbiased and objective advisory services, which assist in improving the productivity and overall performance of the Authority. The primary focus will entail participating in the development of tactical and strategic plans to meet Authority goals, providing needed capacity and capability, all of which will assist to deliver goals. I will be advising the Executive Director on team roles and responsibilities to ensure they are always clear and will work on team projects and initiatives to assist in ensuring each are on an effective trajectory. I will also provide solutions to address issues and obstacles that could impair the team effectiveness. Further, I will strategically assist the Executive Director in leading critical initiatives and special projects that involve multiple departments and/or require a specialized response or solution.

Like the initial "Proposal," the July 8, 2020, Proposal ("Proposal II") was not vetted by anyone in the purchasing department or in the finance department. It was open ended without termination date, and it did not set a "cap" on the billing allowed. With regard to compensation, Proposal II only stated:

To accomplish the above, I will increase my time allocation to 80 hours per month. Historically, we have honored schedules very well; I ask that we continue that collaboration. The monthly fee will be \$8,500 monthly payable by the 15th of each month. Expenses will continue to be billed monthly, as they are now. I will provide a monthly summary sheet of tasks, focus areas and results.

As before with "Proposal I," "Proposal II" violates several internal procurement rules. Given the amount of the proposal—over \$3,000.00 but under \$35,000.00—TARC was at the very least obligated to follow its procurement policies on "Small Purchases" in the Procurement Regulations. There should have been an analysis of at least three other contractors in the geographic area (pg. 21), or a written finding that none exist. More likely, "Proposal II" should have been reviewed as an over \$35,000.00 "Cardinal Change" aggregated contract and competitively been bid. It was not.

Proposal II violated procurement policies in new ways as well. TARC prohibits advance payments to contractors prior to the work being performed. Procurement Policies, Section VI(P). Time Contracts must have a firm ceiling price. **Procurement Regulations approved by the TARC Board of Directors on October 26, 2015**, Section VI(L). As before, Risco did not appear to share any aspects of this Proposal II with the Board, with Finance or with Purchasing.

Contractor Consulting, LLC Billing.

On July 17, 2019, Contractor issued Invoice No. 1712 for \$9,225.00 plus \$2,975.10 in reimbursable expenses. The check payment date July 23, 2019. There is no internal routing form, only a stamp “approved by” by Ferdinand Risco. The stamp is undated. This invoice claims that Contractor spent 41 hours for “Additional scope billable rate through 6/15-7/17 (Mgmt Team Support, Financial Review Report).”

The expenses of \$2,975.10 included:

- Trip from Dallas to Louisville June 27, 2019, to July 3, 2019 (Thursday to Wednesday).
- June 27 to July 3, 2019 Room Expenses from a stay at Hilton Homesuites.
- Trip from Dallas to Tampa July 12, 2019, to July 16, 2019 (Friday to Tuesday).

These expenses are curious in that they appear to show *weekend* travel. During that period, there were not meetings or other matters that would indicate TARC business. Moreover, Contractor continued to charge excessive *per diem* amounts (\$671) while at the same time appearing on Risco’s Travel expense reports as a recipient of meals on his card. See Risco expense report dated July 17, 2020. While the double billing and expense padding may not be excessive, it is pervasive and egregious.

This Tampa trip—2019 annual COMTPO [Council of Minority Transportation Officials] National Conference—is notable for another reason: Contractor reports that she, yet again, had sex with Risco. Little additional detail is available concerning this particular item of congress. Witness B reports that Contractor reported this sexual activity to her in October or November 2019. The Tampa trip may also be the beginning of a souring of the relationship between Risco and Contractor. Witness B reports that at some point Contractor and a man identified here as WR began to see each other and have sex. Witness B reports that Risco saw Contractor and WR together at the hotel bar. By July 2019, Contractor billed \$71,100.00 in fees and \$14,372.36 in expenses.

As Contractor’s total payments neared the \$100,000.00 threshold, Tonya Carter reported that she began complaining to Risco and Witness B that Board Approval was required for contracts over \$100,000.00. While it is mere conjecture, Contractor’s creation of a new entity to bill TARC is suspicious given the timing of Carter’s complaints. As is discussed below, one of the cardinal principals of TARC’s internal policies is that there should be no collusion between TARC management and its contractors. Article VI (A). To say that the Contractor and Risco’s contracting relationship was more than “arms-length” is a gross understatement.

Contractor’s LLC, billing.

On July 15, 2019, The Contractor’s new LLC issued Invoice No. 1714,²² for \$8,500.00. The check is requested by Witness B and Approved by Ferdinand Risco. The only indicia on the invoice is that it is for “Retainer Invoice.” At the time, no contract was in existence for the service.

²² The dates of this bill are curious. Invoice 1712 is dated July 17, 2019. Invoice 1714 is dated July 15, 2019. The bills appear to merely change the name on the heading.

“Proposal II” had not been approved by anyone. None of the internal “checks and balances” were adhered to with this Proposal. The check was directed to be paid ASAP and there was a note on the approval form that the check was to be delivered to Witness B. Witness B had recently been promoted to a newly created position at the top of TARC’s Executive management team.

With this payment, Contractor, or her related entities, had received \$79,600.00 in fees from TARC. There has not been any substantive finding that Contractor did anything to warrant these payments other than to travel with TARC personnel.

August to October 2019.

With the establishment of retainer billing, there is even less indicia of Contractor performing any work on behalf of TARC. Indeed, despite promising to provide a “. . . summary sheet of tasks, focus areas and results” in her July 2019 Proposal II, no such deliverable was provided. The only item Contractor consistently furnished to TARC was her bill. As such, the months of August to October can be dealt with in a summary fashion.

August 15, 2019: Invoice 1715 dated August 15, 2019, including an “**August 2019 Retainer Invoice**” for \$8,500 and reimbursable expenses for \$1,383.22. There is no internal routing form, only an indication that Witness B approved the expense. The internal routing form indicates that it is requested by Witness B and approved by Ferdinand Risco.

The expenses include:

- Trip from Dallas to Louisville July 29, 2019, to July 31, 2019 (Monday to Wednesday). The expense report indicates that it is for “Board Meeting & Prep.” (No airfare receipt, but paid anyway). Two alcohol drinks were purchased on this account on July 30, 2019. The Board Meeting was on July 30, 2019. Neither the agenda nor the meeting minutes indicate Contractor’s participation in any way.

September 5, 2019: Invoice 1716 dated September 5, 2019, including “**September 2019 Retainer Invoice**” for \$8,500.00 and reimbursable expenses for \$1,407.22.

The expenses include:

- Trip from Dallas to Louisville August 26, 2019, to August 29, 2019 (Monday to Wednesday). (No airfare receipt, but paid anyway). The expense report again indicates that it is for Board Meeting & Prep.” Other than the purchase of a toothbrush and bottled water on TARC’s expense, the report is otherwise unremarkable. The Board meeting was held August 27, 2020. Neither the agenda nor the meeting minutes indicate Contractor Contractor’s participation in any way.

September 26, 2019: Invoice 1718 dated September 26, 2019, including “**Additional Hours (23)**” for \$5,175.00 and reimbursable expenses for \$1,524.98. Without a contract, there is no explanation why Contractor’s invoice was not sufficient.

The expenses include:

- Trip from Dallas to Louisville September 23, 2019, to September 26, 2019, (Monday to Thursday). The expense report again indicates that it is for “TARC Meetings.” She continues to charge *per diems* for food during the period. The Board meeting was held August 27, 2020. Neither the agenda nor the meeting minutes indicate Contractor’s participation in any way.

The conclusion of this time period represents \$110,275.00 in billing by Contractor without contract. Her travel expenses billed to TARC of \$18,687.78 were second only to Risco in their amount. None of the items promised under the Proposals were ever delivered.

October 2019

As of October 2019, there were significant questions about the work Contractor was providing to TARC. Tonya Carter continued her questioning of Contractor’s contract exceeding \$100,000.00. Internally, Risco and Contractor were complaining that Tonya Carter was questioning the expenses associated with Contractor in texts on October 29, 2019.

Behind the scenes, Risco had asked the Director of Purchasing, to prepare an Independent Cost Estimate (“ICE”) for the employment of an in-house, full time Chief Financial Officer. Under normal circumstances, an ICE exists under procurement rules as a measure with which to judge Requests for Proposals or Solicitations for Bids. See TARC Procurement Manual, page 49 to 50. Importantly, ICEs are regulated under Federal Law. FTA Circular 4220.1.

At the direction of Risco, the Director prepared the document on September 5, 2019. The amount indicated that the base salary for a CFO in Louisville was \$168,812.00. It is a tortured document in that it compares the private sector from the 10 largest cities in the US to arrive at a locality-based pay in Louisville for a full time CFO. Much later, when asked about the ICE by Tonya Carter *after* the fact, the Director of Purchasing told her Risco made him do it and he couldn’t talk about it or he would “go to jail.” The ICE was kept out of the formal computer files and was located only in the Director’s personal files after his departure.²³

In no way was Contractor comparable to a CFO in responsibilities or in experience. She did not have oversight of TARC’s financial controls, financial operations, internal controls, financial statements, auditing, risk management or supervision of TARC Employees. She did not devote her full-time efforts to TARC. This determination of her value to TARC was a sham.

Contractor’s “Proposal III” would come in at exactly \$336,000.00 or \$168,000 per year. The October 28, 2019, submission states

²³ Ratchford resigned his position at TARC on April 17, 2020, with ten minutes notice.

This engagement will be far reaching and involve working with most, if not all TARC departments, consulting partners, and other industry leaders. Additionally, I will devote a significant portion of my time and have a business analyst to assist as needed. I suggest at least a 24 month engagement with a monthly fee of \$14,000 per month, which will not exceed \$168,000 per year or \$336,000.

The sole conclusion to be drawn would be that Contractor knew the amount of \$168,812.00 in the ICE before submitting her proposal. That is, she and Risco colluded in violation of TARC's procurement rules.

Even more problematic are Risco's lies and chicanery to push Contractor's contract through the Board. Sometime prior to the Board meeting where the Contractor's LLC contract would be presented, Risco prepared a Memorandum and Board Resolution allowing him to enter into the \$336,000.00 contract. The Resolution "speaks much but says little." You could read its paragraphs several times and never see a single item of substance. It is "flim flam."

However, the following paragraph from Risco's Memorandum is very important:

The current procurement procedure dictates a contract to continue the aforementioned work with [REDACTED]. The Director of Purchasing developed and Independent Cost Estimate (ICE) to determine a fair and reasonable cost of services. The proposed contract amount represents a 19% reduction from the averaged relevant ICE values. Therefore, attached to this memorandum is a resolution requesting authorization to execute a two (2) year contract with [REDACTED] in an amount of \$336,000.

The above paragraph contains at least three lies. First, the Contractor's LLC was conducting a *new* field of work. There was no continuation. In short, this matter should have been publicly bid. Secondly, the Purchasing Director *did* prepare an ICE to determine the fair and reasonable costs of services. However, the Proposal for Contractor's firm to work as a *part-time* consultant when the ICE was for a *full-time* Officer of TARC, a public entity, was a clear misrepresentation to the board. Finally, Risco's *coup de grace*, that \$336,000 was a 19% reduction from what ICE indicated, was a total fabrication.

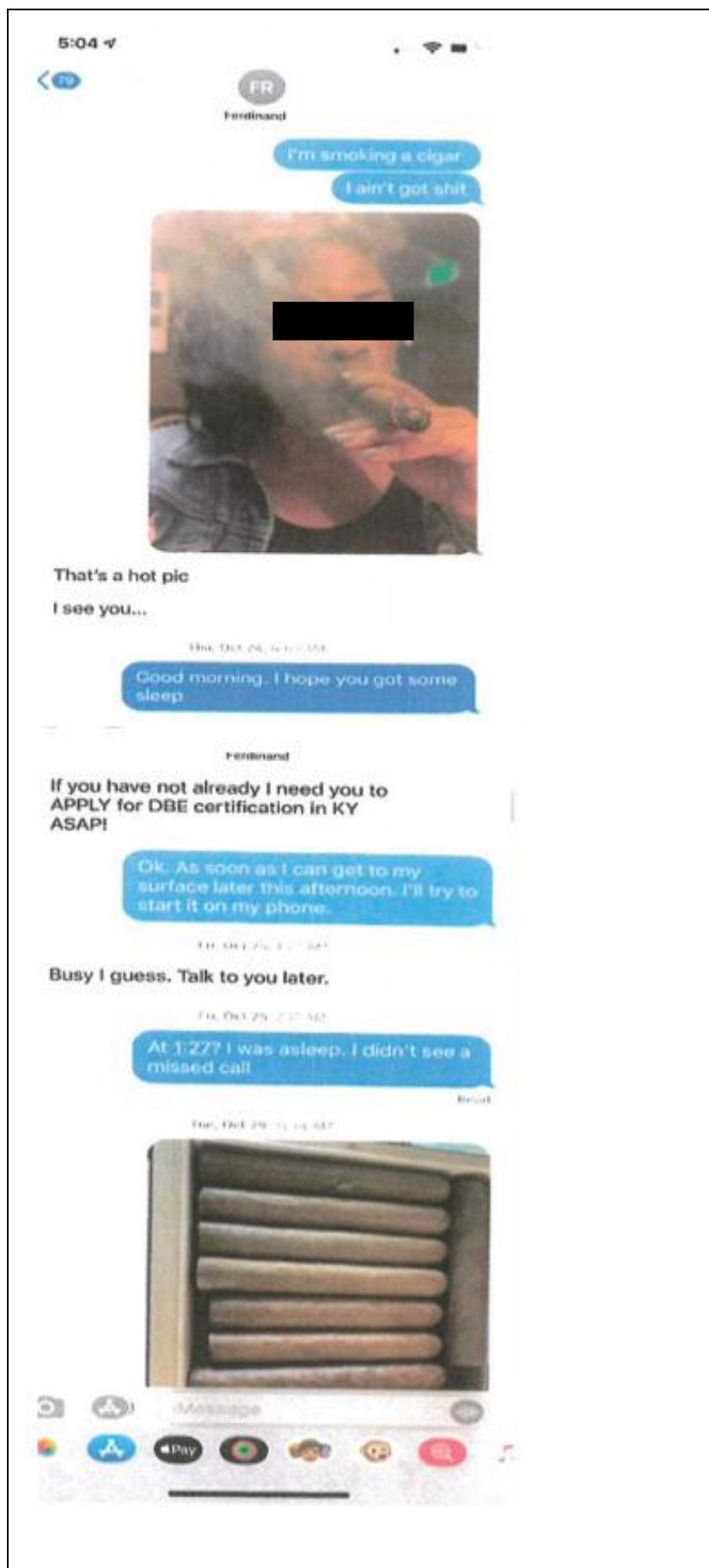
Risco's lies to the TARC Board for Contractor did not end with Resolution. He appeared before the Board on October 29, 2019, with the Resolution that only been tendered to the Board that morning. This was a significant departure from the norm, in that Resolutions should be submitted to the Board two weeks before the meeting when the Agenda is published.

There is a video of the event. Risco began his presentation by telling the Board that they had previously approved Contractor's LLC in two previous engagements. (0003.MTS 00:47.). This was absolutely not true. Risco then informs the board that the Contractor had already begun to do a number of matters from fare review to bond and capital infrastructure improvements with the entity. (0003.MTS 1:40). Likewise, not true. Board member JC Stites asks about the previous relationship with the Contractor and what they delivered. (0003.MTS 3:47). He indicates that they delivered an entire financial model. This is also untrue.

Mary Morrow complained that this was a big number and we already had a significant staff around finance. (0003.MTS 4:45). Risco replied that Contractor had already had significant experience in capital improvements with billions of dollars of under review. (0003.MTS 5:30). This does not appear accurate. Risco strong-arms Mary Morrow as she asks her questions, he indicates he cannot answer her questions without having this help, “this is exactly why we need these services.” (0003.MTS 7:01). Risco says they simply cannot manage their finances “in house.” (0003.MTS 8:05).

JC Stites indicates that this is a lot of money, but Risco responds that most of the \$4.2 million dollars saved came from advice from Contractor. (0003.MTS 9:01) Risco says that this firm has already saved more money than the contract was worth. (0003.MTS 10:00.) JC Stites asks if this is something that you can provide on a back looking way? (0003.MTS 10:11). JC presses whether Contractor’s contract is the type of thing that was put out to bid or should be based upon the dollar amount? (0004.MTS 2:23) Risco’s answer is mere obfuscation. Chuck Rogers asks him if this is a local company? (0004.MTS 3:30)? Risco answers that this is a company with multiple offices one of which is in Dallas. (0004.MTS 3:40). Likewise, this is untrue. Contractor does not have multiple offices. Her address is actually a “co-working site/mail drop.” JC Stites asks whether Contractor’s LLC is focused on Transit, and Risco’s answer is an unequivocal “yes.” (0004.MTS 5:14). Yet, Contractor has never worked in transit before. Risco indicates that the Contractor’s LLC is involved with “big, big capital billion-dollar projects.” (0004.MTS 5:24). Untrue. JC states that he does not feel comfortable with the approval (0004.MTS 6:13). JC Stites says, “does this need to happen today opposed to a month from now?” (0004.MTS 6:58). Risco explains that waiting month would put them behind the gun and would significantly impact their work with the Commonwealth of Kentucky legislature. (0004.MTS 7:21). Yet another lie, in that Contractor did not work with the legislature on any measure. Morrow chastises Risco for failing to have the committee structures she has been asking for so that these matters are not presented on the same day. (0004.MTS 7:35). All the Board members indicate at (0004.MTS 9:13) that they trust him. In closing, Risco says, “this is your fiduciary responsibilities and we are very comfortable in answering your questions.” (0004.MTS 10:18).

At no point does Risco tell the Board that he had slept with the principal of the Contractor’s Firm multiple times. Part of the lawsuit mentioned in Section 3 includes a suit against Risco for the amounts expended to Contractor. A copy of this lawsuit is attached as Exhibit E.



Behind the scenes, Risco and Contractor were communicating about the contract, with them actively engaged in attempting to bolster her image before the Board. Just four days before the Board met, Contractor and Risco engaged in the text exchange detailed to the left.

From this text chain, dated October 24 and 25, 2019, Risco asks her to obtain her DBE Certification “ASAP.” This will obviously make her a more attractive candidate to a Federally Funded organization with a required Disadvantaged Business Entity Requirement.

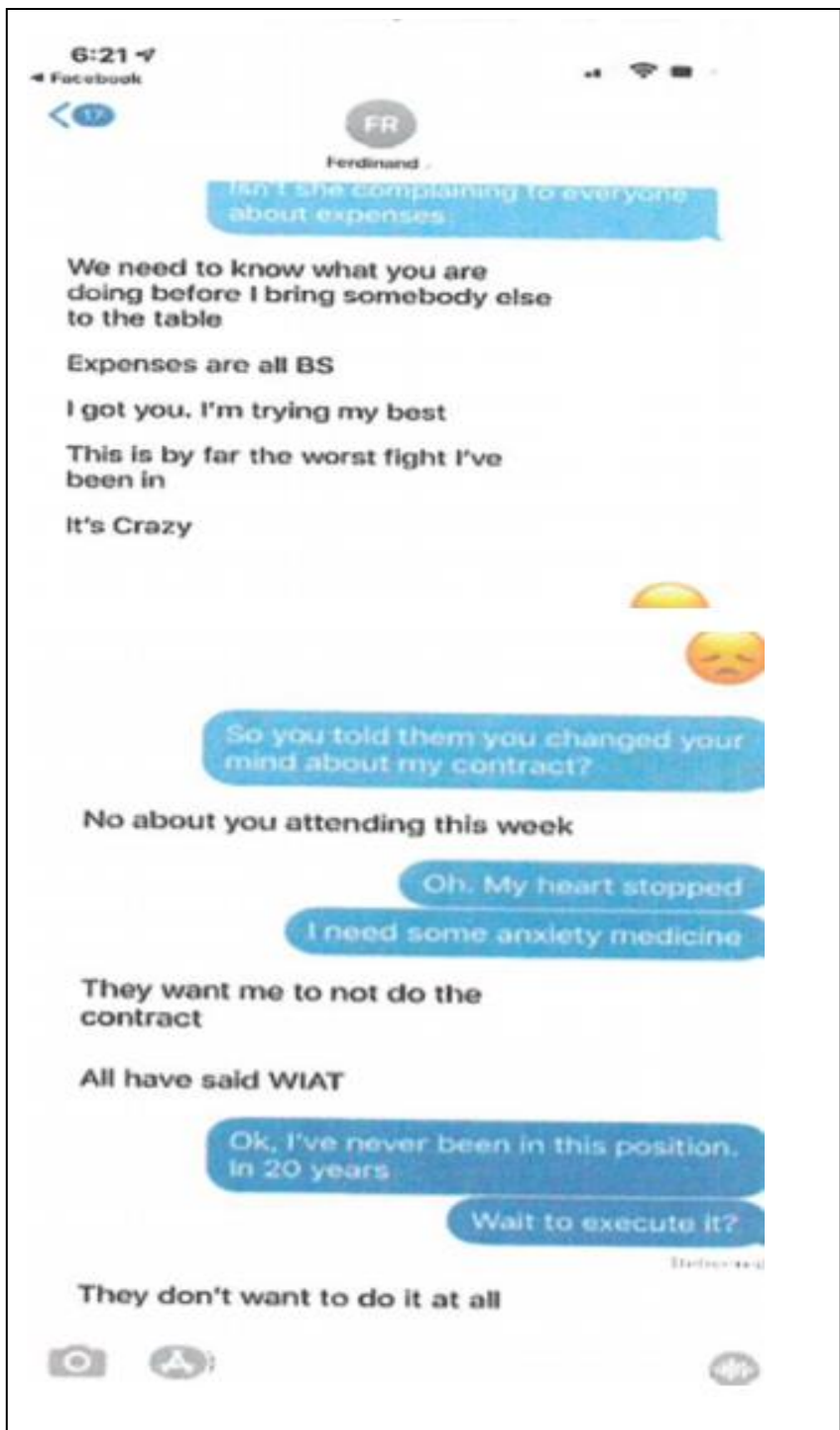
When Risco mentions DBE, before the Board four days later, it is clear that his initial request of Contractor was by “design.”

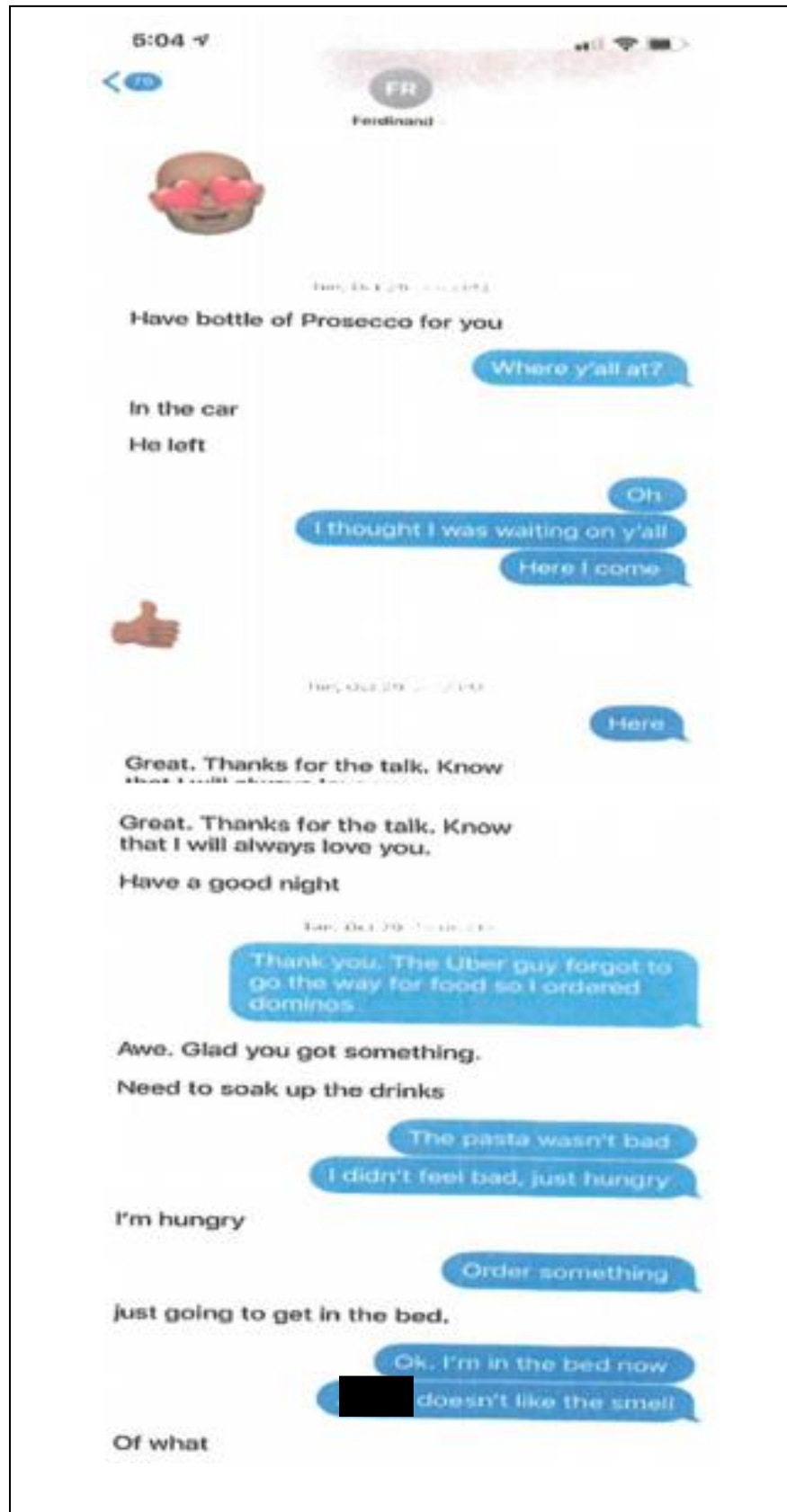
This would not have been Risco’s first collusion with Contractor. Earlier, Risco was actively helping her prepare her LLC website. Risco went so far as to send her a firm site map for website creation on August 24, 2019.

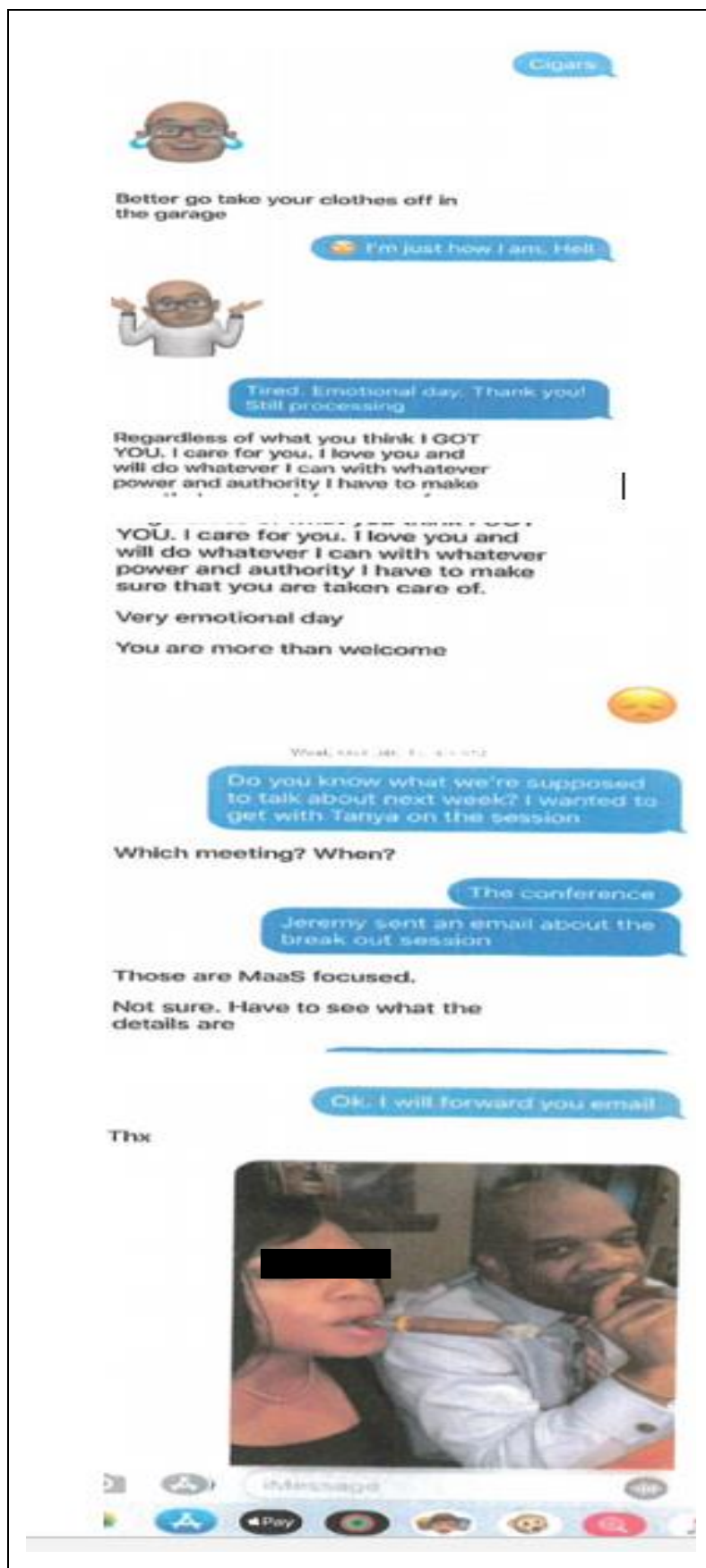
Risco and Contractor's attempt to thwart Board review of her contract is evidenced in another text message conversation between the two. In the exchange on the right, Risco identifies that there are complaints about the Contractor spending and notes that "Expenses are BS." Nonetheless, Risco assures her, "I got you. I'm trying my best." Importantly, despite the fact that Contractor was in town, Risco deliberately had her not attend the Board meeting.

But perhaps most telling of the relationship between Contractor and Risco are the text messages on the following two pages. These texts occurred the night of October 29, 2019. They followed Risco's successful efforts to get Contractor's contract through the Board despite the questions that they raised.

With "love in his eyes," they celebrate the \$336,000.00 contract from TARC. In light of this, these October 29, 2020 texts paint a troubling picture.







He states in those texts, “Regardless of what you think, I GOT YOU. I care for you. I love you and will do whatever I can with whatever power and authority I have to make sure you are taken care of.”

Risco in several texts would direct Contractor to enhance her website (See October 31, 2019, texts), to obtain certifications and licenses (November 1 and 2, 2019, texts) and register DBE certifications in Kentucky (November 2, 2019, texts). All of these actions seem calculated to respond to the Board’s valid questions of “who” this entity was, “what” skill sets and experience she had, and “how” she would be benefiting TARC. Risco and Contractor’s actions were calculated to cover the tracks the Board was beginning to uncover.

On November 21, 2019, Contractor would “ink” the only contract that was in existence between TARC and the Fiscal Firm: a \$336,000.00 two-year deal. Her \$14,000.00 per month retainer bill came one day later.

December 2019 to May 2020.

During this period, Contractor’s bills arrived regularly. She would not prepare time sheets and there are no

indicia of her performing anything of value at TARC. As such there is little to examine in light of her billing. Contractor would be paid \$84,000.00 during this period.

Metro Council Investigator interviews revealed that Tonya Carter, Randy Frantz, Dwight Maddox and Geoffrey Hobin—all of whom would have had finance and budgeting issues within the “purview” of Contractor’s contract—reported extreme dissatisfaction with her work during this period of time.

Hobin called the contract “obscene” and an “embarrassment.” Hobin reported that Contractor “never called him” despite her having been directed to do so. Hobin reported that he never saw anything of value.

Maddox reported to the Investigator that there was a “hole” in the FY 20 and FY 21 budgets and that it became clear to him that Contractor was not bringing anything to the table. Maddox and Frantz had a discussion and they wanted to force Contractor to bring forth at least some deliverables but that she did not. Dwight indicated that in meetings concerning TARC’s finances, it “did not appear she knew what she was talking about.”

Carter reported to the Investigator that Contractor was supposed to have been in charge of the 2020/21 FY Budget, but that she never provided anything of substance, and that Contractor would never deliver. Tonya finally had to step in and take over all work product from Contractor in December 2019 because nothing was being done.

Frantz reported to the Investigator that with regard to Contractor, Frantz began to challenge the work she was doing. “I guess I began to voice my frustration with her a few months back—I asked her for a list of what she’d accomplished—and I kept getting the run around. It was “non value added,” “redundant and excessive.” “This was not the output from front-facing financial questions. I began to challenge the work output.” Frantz reported that he had previously told Risco that he wanted that list of her accomplishments, and Risco would initially agree, but then would tell him to “hold off on that.” Frantz continued to voice to Risco his concerns about Contractor’s lack of performance. Risco then says, when we terminate her, she’s “probably going to say that I put my d*** in her mouth.”

On February 3, 2020, Tonya Carter emailed Randy Frantz stating that Contractor simply has done nothing for TARC. “The last meeting was the only meeting I have seen with any work that Contractor put together, and I’m not seeing the value in what we are paying her.”

Frantz followed up asking for slides of an overview of her work, long term strategies, and financial solutions. Her work was rudimentary and appeared to be gathered from the internet. It simply was not responsive.

What is certain is that Contractor provided little to no value to TARC, and certainly not the over \$228,000 she billed. Her contract was terminated by the new Interim Executive Directors of TARC by letter dated April 3, 2020.

Recommendations and Changes

Upon review of the facts, the Interim Executive Team canceled Contractor’s Contract. Whether she was the victim of sexual harassment or colluded with Risco to bilk TARC out of

\$228,000, or both, is a matter than is still in dispute. However, what was also clear is that she was receiving taxpayer dollars after admitting having sex with the Executive Director under an “agreement” that violated several TARC procurement rules. The Interim Executive Team believes that there has been a substantial violation of the public’s trust and a significant departure from normal rules regarding this arrangement. This contract was turned over to the Kentucky State Auditor, TARC’s Outside Auditor, and two law enforcement entities. In addition, Risco has been sued civilly for the recovery of the funds as expended.

From the two sections above, it would appear that the questionable contracts were limited to either Contractor’s payments or the related contractor, Arnold Lee Greene. Nonetheless, it is recommended that all Executive Management Team spending be subject to regular board review and that there be an accounting provided monthly, for monthly expenses year to date, and year over year, to the Finance Committee.

Contracting should remain the province of TARC’s purchasing department. Under the Procurement Rules, each Department at TARC can spend certain amounts to accomplish their responsibilities. Those rules state that Contracts should originate in purchasing and conclude in finance in keeping with the October 26, 2015, TARC’s Board adopted Procurement Policy. That Policy is robust and detailed and contains specific guidelines and oversight. However, it must be followed and applied to every department at TARC, including the Executive Department. Risco’s contracting with Contractor outside of the normal rules should not have been allowed.

In that, contracts of all sorts should be part of a centralized data base and properly documented. While this is true of all other departments, it is not true of the Executive Department under Risco. Going forward, the Finance Department should cross-check Executive level spending and, if it is not properly documented, that should be discussed in the Finance Committee. Additional considerations and recommendations appear at the conclusion of Section 6, below.

SECTION 6: REVIEW OF EXPENSES, TRAVEL AND MOTOR VEHICLE USE.

This section examines Ferdinand Risco’s travel expenses and motor vehicle use. It paints a picture of an executive who gradually took advantage of TARC over time, testing structures and boundaries after he was appointed the permanent Executive Director.

Subsection A, Executive Director Expenses and Travel.

It is foreseeable and not unreasonable that the head of one of the larger transit companies in the nation would travel for business purposes including conference attendance. That travel may include learning opportunities, associative ventures in transit-related entities and engagement of transit and community peers to better understand how TARC may be improved. Travel is expected. However, a review of Ferdinand Risco’s travel expenditures raise significant and multiple questions.

The baseline for understanding TARC’s travel expenditures should be Barry Barker’s travel expenses in the last two full years of his tenure as Executive Director. In FY 17, Barker had \$9,738.95 in travel related expenses and in FY 2018, he had \$17,701.19. In reviewing Barker’s

travel for the ten years prior to his retirement, he did not appear to exceed \$20,000.00 in any given year.

While Risco was *Assistant* Executive Director, he had travel related expenses of \$10,443.10 for calendar year 2017 and \$22,599.61 for calendar year 2018. Risco's travel was approved by Barker and appears reasonable based upon the purpose and type. However, for the period of time from February 2019 until February 2020, while Risco was Executive Director, Risco's travel was over \$63,000.00 and covered 23 different trips. Many of these trip's business purposes may be questionable, but Risco—especially after becoming permanent Executive Director in April 2019—certainly took advantage of his position. His expenses went “off the rails” after June 2019 with nearly \$47,000 of the \$63,000 spent occurring the latter part of 2019 until his ouster in early February 2020.

This review encompasses three parts. First, a summary review of Risco's travel from 2017 until he left TARC's employment. Second, a review of Risco's potential rule violations and TARC deficiencies that contributed to his ability to take advantage. Third, recommended changes and suggestions to prevent further abuses.

Travel Summary

A. 2017 Travel.

Risco traveled over a total of six trips and expended \$10,443.10, according to TARC records. These trips included:

- July 16, 2017 to July 19, 2017, **Detroit** COMPTO (Council of Minority Public Transit Officers) Conference. Total Expenditure for the trip was \$2056.69.
- September 20, 2017 to September 23, 2017, CDC COMPTO Workforce Development Conference in **Washington DC**. Total Expenditure for the trip was \$1155.75.
- October 7, 2017, to October 11, 2017, APTA (American Public Transit Association) Annual Convention, Atlanta **GA**. Total expenditures were \$4,384.92, including \$1098.00 in airfare and \$2300 in hotels.
- October 17, 2017, to October 19, 2017, Tennessee Public Transport Conference in **Nashville, TN**. Total Expenditure for the trip was \$1,357.46
- October 25, 2017 to October 26, 2017, Travel to and from **Silver Spring Maryland** for the APTA workforce development conference. Total was \$627.10 Included an overnight hotel stay and airfare.
- December 14, 2017 to December 16, 2017. Travel to and from **Washington DC** for the APTA workforce development retreat. Total expenditure \$790.02.

B. 2018 Travel.

Risco traveled over a total of nine trips and expended \$22,599.61, according to TARC records. These trips included:

- January 6, 2018, to January 12, 2018. Travel to and From **Washington DC** for the TRB (Transportation Research Board) Annual Convention. Expenditures were
- \$3288.62 included \$1,544 in hotel and \$1,215 in registration.
- February 9, 2018 to February 13, 2018. Travel to and from **Miami, FL** for the APTA CEO Conference. Expenditures were \$2700.37, including \$1351.96 in hotel and \$445.50 in airfare.
- March 5, 2018 to March 7, 2018. Travel to and from **Tulsa, OK** for the National Safe Place Conference \$741.85 including \$489.5 in airfare and \$200 in hotel. Risco was on the board of this non-profit.
- March 17, 2018, to March 21, 2018. Travel to and from **Washington DC** for the APTA Legislative Conference. \$3,335.38, including \$738 airfare, \$1660.71 in hotel and \$850 Registration fees.
- May 4, 2018, to May 11, 2018. Travel to and From International Rodeo and Paratransit Conf. in **Tampa, FL**. Total Expenditures of \$4094.65, including \$2500 Hotel, \$875 Registration, \$469 Airfare.
- July 8, 2018, to July 12, 2018. Travel to and from **Minneapolis, MN** for APTA workforce development. Expenditures include \$1612.54, including \$900 hotel and \$541 airfare.
- July 28, 2018 until August 2, 2018. Travel to and From **Baltimore MD**, for the COMPTON Annual Conference. Expenditures of \$2814.53, including \$1149.20 in hotel and \$576 in airfare, \$875 in registration fees.
- September 21, 2018 to September 27, 2018. Travel to and from **Nashville TN** for APTA Annual Conf. Expenditures were \$3984.68, with \$2556 in hotel, \$875 registration.
- October 15, 2018 to October 17, 2018. Travel to and From **Washington DC** for the GLI fly in. \$27. Trip appears to have been paid for by GLI.

C. 2019 Travel through end of tenure, February 2020.

Risco traveled over a total of 23 trips and expended \$63,928.60, according to TARC records. As the year of 2019 progressed, Risco's travel became more elaborate and expensive. Where appropriate, additional information is provided regarding questionable trips. Risco's trips included:

- February 17, 2019, to February 20, 2019. Travel to and from the National Safe Place Network's Board of Director's Meeting, **Myrtle Beach, SC**. Expenditures were \$1,318.47, including \$146 airfare, \$1099.98 in hotel. Risco served on the NSPN Board.
- March 15, 2019 to March 20, 2019. APTA Legislative Conference Travel to and From **Washington DC**. Expenditures were \$2,675.16, includes \$1,311.59 in hotel expenses, \$431.50 in airfare. \$875 in registration fees. Flight was from Friday to

Weds. Conference did not start until Sunday morning. This appears to be one to two days early travel.

- April 7, 2019 to April 12, 2019. Travel to **Dallas, TX**, National Diversity Conference. \$4,506.62, includes \$3187.83 in hotel and \$423 in airfare. Evidence that Risco did not actually attend the conference, someone failed to register for it. Travel with Witness C, Contractor and Witness B. Incidents detailed in Sexual Harassment Report indicate this was the Texas trip.
- April 12, 2019, to April 16, 2019. Travel from Dallas TX to **Chicago, IL** for the APTA Transit CEO Seminar. Expenses total \$2,406.37, and includes \$613.50 in airfare and \$716.00 in hotel expenses. \$795 in registration fees. Conference lasted from Saturday to Tuesday evening.
- May 15, 2019, to May 16, 2019. Travel to Washington, DC, for travel to and from Washington DC for Kentuckians for Better Transportation. Expenses total \$1228.96 in expenses, included an \$800 registration fee and \$362 in hotels.
- June 21, 2019 to June 24, 2019. Travel to and from **Toronto, Ont.** for the APTA rail conference. Expenses total \$2,794.18 and includes \$985.18 in airfare and \$774 in hotel expenses. Additional \$1,000 in registration fees. Problematic in that TARC does not operate a Rail line.
- July 12, 2019, to July 17, 2019. Travel to and from **Tampa FL** for the COMPTON National Conference (Conference of Minority Transit Professionals). Expenses total \$2262.29, includes \$887.57 and \$450 in registration fees. \$572 in flight. Additional charges for \$302.41, includes additional expense report for Lyft charges only. Travel with Witness B and Contractor. LUX UBER RIDES. These rides are a little suspect, with getting XL Lyft rides to travel a half mile. Travel with Contractor and Witness B.
- August 30, 2019. Travel to and from **Washington DC** for DOT Meeting. **Pre-Approved 8-27-19.** Expenses total \$907.80. Trip was to get federal funding and was necessary.
- September 3, 2019. Travel to St. Louis for the St. Louis Federal Reserve Council Industry Meet. **Pre-Approved 4-23-19.** Expenses total \$692 includes \$627 in flight expenses.
- September 5, 2019 to September 10, 2019. Travel to and From **San Francisco, CA** for 2019 GLIDE Trip. Total costs \$4,983.00. Includes \$3,200 in registration fees, \$1295 in hotel fees, and \$160 in flight expenses. This trip is problematic but it is not obviously so. The original \$3,200 included all travel, hotel, food and ground

transportation for a trip that was to last from September 8 to September 11. **The Trip had been pre-approved April 23, 2019, but only as to \$3,200.** From the Travel records, it appears that Risco changed the travel at a \$160 expense, booked a room for himself for several nights at an additional cost of \$1295 at the W hotel, and billed an additional \$359.63. Upon information and belief, his wife stayed with him from the 5th to the 8th. Risco left the GLIDE trip early and flew home the morning of September 10, 2019. The GLIDE trip does have a business purpose for TARC, and given the subject matter, the business purpose can be assumed. However, Risco's change order and the resultant \$1,783 in expenses were clearly for his own personal benefit.

- September 11, 2019, to September 15, 2019. Travel to and from **Washington DC** for the COMPTON National Board Meeting. The COMPTON Board Meeting was only scheduled for September 12, 2019. **Pre-Approved 8-27-19.** The meeting lasted from 10:00 a.m. to noon. One must question whether the travel from Friday until Sunday was necessary given that COMPTON had no other events that week. Total expenditures were \$3,415.56, including \$402.50 in airfare and \$2883.62 in hotel expenses. The hotel expense billing included \$1,100 in restaurant and bar charges. Risco did not to provide the itemized receipts for this trip. Contractor and Witness B were also in attendance. Risco and Witness B did not turn in itemized receipts. However, TARC was able to obtain them from the Conrad Hilton. According to the hotel records, Risco arrived at 5:35 p.m. and began drinking at 7:31 p.m. He and his guests ended the night at 11:20 p.m. and billed TARC \$404.20. This included the following alcohol charges:

07:31 PM	3210005	Basil Hayden's	5	\$85.00
07:31 PM	3210091	Whistlepig 10 year	2	\$42.00
07:31 PM	82	Crab Mac n Cheese	1	\$16.00
07:31 PM	3950008	Ketel 1	1	\$15.00
07:31 PM	4250045	G.J Vajra GL Summit	1	\$14.00
07:31 PM	85	Monvin Alzaia Prosecco	1	\$13.00
07:31 PM	3210047	JD	1	\$12.00
Direct Tips				\$40.00
Tax:				\$19.70
Total Amount Due				\$256.70
Total Item Sales				\$197.00

The following day, September 12, 2020, at 5:20 p.m., Risco ordered a beer. He and his guests proceeded to eat and drink on TARC's "dime," including alcohol, for the next five hours with a \$329 tab.

The group began drinking again at 2:24 p.m. on TARC's credit card and finally closed their tab at 8:09 p.m., leaving TARC to foot a \$377.30 food and alcohol bill. Only \$45 of that bill was spent on food.

- September 16, 2019, to September 17, 2019. Travel to and from **Austin TX** for the "Atlanta Learning Exchange Meeting." Total Expense were \$1,488.82. Includes \$646 in airfare,

\$334 in hotel, and \$475 in registration fees. **Pre-Approved 8-27-19.** This was actually the One Water Summit to deal with water access and equality.

- September 26, 2019, to September 29, 2019. Travel to and from **Washington DC** for the National Transit Institutes Advisory Board Meeting. Total cost \$1,783.42, including \$732 in airfare and \$920.75 in expense. **Trip Pre-Approved 4-23-19.** This meeting appears to have taken place on Friday, September 27, 2019, but additional verification is needed. If this is true, then the substantial additional days in DC were not necessary.
- October 2, 2019, to October 7, 2019. Meeting with Colonial Life. Total Expenditures were \$1580.99. It appears that Risco was flown out on Colonial Life's expense, and that they picked up the substance of his hotel. **Trip Pre-Approved 8-27-19.** This is a highly suspicious bill not so much for what it cost, but what it did not. There is only one night for hotel expenses and a flight charge looks like it was paid for by TARC but that Risco had a credit refunded to him. This expense is suspect.
- October 11, 2019, to October 16, 2019. Travel to APTA Transform Annual Meeting in **New York**. Total costs \$3,923.04. Costs include \$2,210.51 in hotel, and \$975 in registration fees. Traveling were the Assistant Executive Director, Contractor and Witness B. There was a \$398 dinner for four, one alcoholic beverage purchased. Flight purchase appears on another account record.
- October 16, 2019, to October 20, 2019. Travel from New York to **Philadelphia, PA** by train (75.33) for a Panel Speaking engagement on "Making Connections" a transit related conference. Total cost \$1740.44 including \$1295.04 in hotel expenses. The conference only lasted one day, 8:00 a.m. until 5:00 p.m., on October 17, 2019. Risco stayed in Philadelphia, the place where he grew up, until October 20, 2019.
- October 20, 2019, to October 23, 2019. Travel from Philadelphia to **Chicago** for the National Safe Place Board of Directors and Advisory Meeting. The one-day meeting did not warrant several days. Travel totals \$1078.43 including \$192 in airfare and \$756.70 in hotels.

As of October 24, 2019, Risco ceased completing his travel logs, or there is no record of his travel logs in Finance. It should be noted that his travel logs for his October trips were not completed until December, so it appears he was significantly behind in document preparation and completion. However, this did not appear to stop his travel. The expense records appear only on his TARC credit card.

NO.	Date	Source	Location	Amount	Vendor	Purpose	Notes
1	10-31-19 to 11-4-19		4837 Connecticut	\$ 658.00	Delta	Unknown	Text says speaking
2	11-4-19 to 11-4-19		2187 Connecticut	\$ 8.90	MISC	Unknown	
3	12-3-19 to 12-6-19		4837 Washington	\$ 1,213.00	Marriot Marquis	Unknown	
4	12-3-19 to 12-6-19		2187 Washington	\$ 478.00	Delta	Unknown	
5	12-9-19 to 12-10-19		4837 Frankfort Ky	\$ 123.84	HomeSuites	Legislative Meet	
6	12-13-19 to 12-15-19		4837 Atlanta	\$ 498.60	Delta	Unknown	Victim traveled
7	12-13-19 to 12-15-19		4837 Atlanta	\$ 631.94	Marriot Marquis	Unknown	
8	12-13-19 to 12-15-19		2187 Atlanta	\$ 121.73	MISC	Unknown	
9	1-15-20 to 1-17-20		4837 Lexington	\$ 418.85	Hyatt Regency	Ky for bet Transit	
10	1-22-20 to 1-24-20		4837 Philadelphia	\$ 665.40	Delta	Unknown	shows misc. change fee.
11	1-22-20 to 1-24-20		4837 Philadelphia	\$ 240.72	Crowne Plaza	US WATER ALL	Never showed, cand fee
12	1-22-20 to 1-24-20		2187 Philadelphia	\$ 283.00	Lyft and food	Unknown	
			TOTAL	\$ 5,341.98			

Deficiencies Summary

All TARC paid travel is governed by TARC Board Resolution 2015-01, and this policy includes TARC's Executive Director. Risco's travel—especially that travel commencing September 2019 and continuing through his February 2020 departure—is obviously significant. In that time frame, the substantial majority of Risco's 2019's expenditures were made. A CEO's business travel of this sort may not be questioned by a *private sector* company. However, TARC is *not* a private sector company, it is a public sector *public service* company. In the transit public sector, some meetings with transit peers, travel to transit speaking engagements or engaging others at conferences would be a part of learning and growing an entity. Thus, *some* of Risco's travel is likely warranted. However, the head of a public transit entity who stays in a \$600 a night hotel, runs a \$400 bar tab, and rides in a \$30 Lyft LX to go a couple miles for *dozens* of days, cannot reasonably contrast with our ridership who may spend \$600 a month to house a family, \$400 to feed them, and buy a bus card for the \$30 to maintain employment. His travel is excessive in that light. When compared with Barker's travel that ran \$10,000 to no more than \$20,000 per year, Risco's travel was no doubt too high in the opinion of these authors.

Additionally, an examination of his travel is important for another reason. It showcases how little Risco was on site at TARC. In all of September, Risco was in town for only 8 work days, and only three days were contiguous. In all of October, Risco was present for only 9 work days. Again, only three contiguous days at a time. Upon information and belief, Risco was gone almost the entirety of December. Likewise, according to information and belief, Risco disappeared in June 2019 and his whereabouts during that time remain unknown. In short, for most of the latter portion of the year, Risco was absent at TARC. Given the near universal loathing of the employees and staff, no one was going to complain about this fact, but nonetheless, he was not on site at TARC for a substantial portion the latter half of 2019.

In fairness, while Risco is the primary party responsible for his exploitation at TARC, the deficiencies are not his alone. TARC had a well-developed travel policy that had internal checks at both the front and the back. Board Resolution 2015-01. The Policy would apply to the Executive Director and require him to seek pre-approval of all his travel from the Board Chair. In turn, the Board Chair would have to approve the expenditures within 10 days of a return from travel. Risco was obviously familiar with the Resolution as he was responsible for approving all other TARC employee's travel under the same policy.

Risco's travel violates several policy rules. His stays for multiple days before and/or after the purpose of the travel violates policy. His use of expensive cabs is impermissible in light of the policy's direction towards mass transit. He violated alcohol policy and then covered it up by not providing detailed receipts which is also a violation. He appears to have sought to cover personal expenses under the guise of professional travel. Moreover, his travel that was remotely related to TARC's business—the One Water Meeting, the Rail Conference, the speaking engagements—appear to be calculated to raise Risco's "brand" and had little to do with TARC. Even if travel is permissible, it must be compliant with rules. Risco's was not.

However, Risco was able to exploit a number of weaknesses primarily centered on internal oversight of the Board. These weaknesses include:

- The policy on Risco's Pre-approval of travel was not strictly followed. Witness B or her staff were responsible for booking all Risco's travel and preparing travel documents and expense reports for him. Both Risco and her department were allowed access to company credit cards and were able to book travel without the necessary pre-approvals. In some cases, there were pre-approvals, but in most cases these pre-approvals do not appear to exist.
- In turn, the 2015-01 policy on *post* travel approval of expense reports was deficient. It does not appear that the Board Chair was given the expense reports until the day of the TARC Board Meeting and there was no opportunity for significant review. This created a rubber-stamp effect. The reports themselves do not have any indicia or check boxes as to whether all receipts were there and there was no cross checking when it came to the Executive Director. By contrast, all other employees have their reports pre-reviewed by finance.
- Risco was also able to exploit a weakness that occurred because of Board membership changes. The former Board Chair, Cedric Powell, a law professor at UofL, ended his chairmanship at the end September of 2019 and he approved the September reports and the reports prior thereto. Mary Margaret Mulvihill became board chair in October of 2019 and she approved only two expense reports for the previous month. Risco continued to extensively travel but had canceled both the November and December Board meetings. Mary Morrow, a CPA, was elected Board Chair in January 2020 and was presented with four expense reports at a Board Meeting. The reports only covered a portion of October but they were months stale. She told Risco that she would never again sign another expense report unless she got them well before any Board meeting.²⁴ Instead of complying, Risco simply never prepared another expense report. However, his travel was still booked by the Executive Department.

²⁴ As stated elsewhere, when Morrow took the Chairwomanship, she told Risco that there was going to be more Board involvement, more Committee meetings and more scrutiny or she would not be signing any of TARC's resolutions.

- Risco, most likely unknowingly, was also able to take advantage of a familial loss that the TARC Finance Director suffered in the winter of 2019. In July 2019, the Finance Director, Tonya Carter began to doubt whether all of Risco's travel expenses were necessary and grew concerned that he did not always have receipts for his travel. She had discussed these deficiencies with Witness B but nothing was done. Over the next few months, her concerns grew in parallel along with Risco's expansive travel in September and October 2019 detailed above. Around that time, she began to suspect that something was seriously amiss and that given the Board changes, she was not certain that there was sufficient oversight.

As mentioned above, Risco had prohibited anyone from making any presentations to the Board other than him and that no one could talk to the Board without his permission.²⁵ Only one person was allowed to have regular contact with the Board other than Risco and that was Witness B. By isolating the Board and the competent staff from one another during a time of board upheaval, Risco could do what he wanted. It is the opinion of these authors that this structure was intentional.

As a result of the prohibition and the changeovers in the Board, she decided she needed to speak with someone outside the normal channels about her suspicions. Given that Risco's travel was still ostensibly for "business purposes" and it was still subject to Board approval, she wanted to obtain some outside guidance. Tonya Carter served on a Board that met quarterly with the Deputy Mayor, Ellen Heslen. She reached out to Ellen about her concerns after a Board meeting. The two were able to meet privately on October 25, 2019, where Tonya told Ellen that she was not sure that everything was proper with Risco's expense reports and that she was also concerned about the extent of the expenses, but she was not able to point to anything specific. Ellen asked her to prepare documentation about her concerns and bring that documentation to their next board meeting to be held December 5, 2019.

Tonya prepared the requested documentation and she and Ellen planned to meet after the meeting. Unfortunately, a few minutes into the at that meeting, Tonya received notice that her father died. She left before providing the material to Ellen.

Tonya did not with meet with Ellen after this planned December 2019 meeting, and between dealing with her loss, dealing with TARC annual budget and other matters, the two did not speak again of the financial concerns until after the news of Risco's sexual harassment matters broke in January 2020 with Tonya being the person who told Witness C that she had to take matters to the Board. The sexual harassment allegations took precedence thereafter. Obviously, she

²⁵ This was about the same time that Chuck Rogers and Mary Morrow began to notice that the Finance Director was no longer a participant.

did not plan for this loss, but Risco was likely able to escape additional financial scrutiny for at least a month because of it.

One must be reminded that Risco was only Executive Director for 14 months, and it was only in the last five of those months—from late August 2019 until Risco left in February 2020—that the travel spun out of control. It was really the perfect storm of minor deficiencies and failures that allowed Risco to do exactly what he wanted, especially during that period. Yet, this short window of time showcases the need to strictly adhere to financial management policies especially at the executive level.

Recommendations and Changes.

Immediately upon taking the helm, the Interim Executive Team and the Board suspended all travel until further notice. After COVID-19, there has not been a significant need to revisit this ban and most transit associations are now meeting by electronic means. The Board and the Interim Team have taken the following steps for when travel resumes.

- Witness B has been relieved of any financial oversight.
- The Director of Finance has been named Chief Financial Officer and has full oversight of all expenditures and has direct access to the Board.
- The TARC Board has re-established and chartered a Finance Committee and all expense reports and pre-approvals will be discussed at this committee.
- All pre-paid Travel Expenses will be booked through the Finance Department in accord with the 2015 Travel Policy.
- TARC has eliminated the use of individually issued TARC credit cards for travel and entertainment expenses. All non-prepaid travel and entertainment expenses must be paid by the employee who will be reimbursed for allowable expenses after proper documentation is submitted. No reimbursement of any Executive Director travel and entertainment expense will be made without the prior approval of the Chief Financial Officer and the Board Chair.

In addition, the following suggestions are made to be implemented as possible:

- It is recommended that the Allowable Expense Report should be modified to include a running tally of an employee's annual travel expenses. This will allow the supervisory official to see the total of annual expenditures and not just the particular item of travel being approved.
- It is recommended that the Board pre-approve a travel budget for the executive department on a year-to-year basis as a distinct line item. Should the executive department be desirous of exceeding that limitation for themselves, he or she must seek Board Approval.
- It is recommended that all employees with authority to book travel or who are traveling be regularly educated on TARC Board Resolution 2015-01.
- It is recommended that the Allowable Expense Report be modified to include a checklist indicating that the necessary "pre-approval" is on file.

- Any violations of the Board Resolution should result in a suspension of that employee's right to further travel and the employee will not receive reimbursement for the expenses.

B. Automobile Usage.

The Interim Team analyzed Risco's automobile usage from the period of March 2017 when he was hired as Assistant Executive Director to February 2020 when he left TARC. During this time window, he was assigned two vehicles, Car No. 97 and Car No. 104. The latter was received in November 2018 when he took the position as acting Interim Executive Director. The usage tells two different tales.

The first car, utilized by Risco from March 2017 until November 2018, logged 17,334 miles. This represents about 850 miles a month or about 10,200 miles of usage on an annualized basis. This would not be atypical for standard driving.

A different picture is painted with Risco's second car—the car he received when Barry Barker departed—after he became Executive Director. From November 19, 2018, until February 12, 2020, Risco logged 24,612 miles. This represents approximately 1758 miles per month, or over 21,000 miles on an annualized basis. This represents a more than a 100% increase in vehicle usage.

Anecdotal evidence suggests that Risco decided that the TARC company car was simply his to use as he saw fit. However, as a public agency that is not only taxpayer funded but self-insured, this presents several problems. TARC is constitutionally prohibited from spending public funds on private purposes. As a self-insured entity, workers causing accidents while driving in TARC take home cars leaves TARC liable to all injured parties. Yet, despite these risks, a major deficiency exists at TARC, there is no written policy on assigned vehicle use.

Of course, there are instances where the essential nature of an employee's job duties requires being "on call" 24 hours a day, seven days a week, and where an employer supplied vehicle is warranted. At TARC, there are only five identified individuals who presently have an assigned vehicle. The Executive Director²⁶, the Assistant Executive Director, the Director of Security, the Director of Operations, and the Director of Maintenance. The Director of Security—TARC's top investigator—needs to be able to get to and from accident scenes on an emergency basis. That investigator's vehicle as an official TARC car lends *gravitas* to her ability to enter an accident scene and speak with parties and other governmental investigators. Likewise, the chief of operations and maintenance are likely called to emergency situations at all hours, and from all locations which would warrant a take home car.

In order to continue to allow the usage but remedy the deficiency, TARC has created a Company Car Policy that will govern assigned vehicle usage. The written policy will require the

²⁶ This vehicle has been parked since February 11, 2020.

employee to document vehicle usage, to apply to appropriate safety standards, to prohibit personal use, and to deny access to unauthorized drivers and passengers.

PART III—DISCOVERY AND RESPONSE

SECTION 7: NOTIFICATION OF SEXUAL HARASSMENT AND RESPONSE.

If the first question asked in this inquiry was, “how did TARC come to hire Ferdinand Risco,” the last question asked must be “how did TARC find out about Risco’s abuses and what did it do?” As mentioned above in Section 2, Witness C and Witness B had knowledge of Risco’s abuses as early as April 2019 but did not come forward at that time.

Both TARC’s External Investigator and the Metro Council Investigator have confirmed that no one came forward until the very end. *See* Section 2. *See also*, Beyer, Metro Council Meeting July 14, 2020, (45:59). This is consistent with the Board’s interviews which stated that no one came forward until late January 2020. In January of 2020, Risco gave Witness C a very unfavorable job review. Witness C was apparently angered by the report and fearful of losing her job; she had been involved in some alleged criminal matters which had come to light. It is the opinion of these authors, based upon the witness interviews, that this fear was the impetus for Witness C’s reporting. The following is a time sequence of what occurred next:

- Friday, January 18, 2020. Witness C reached out to Board Member Alice Houston while Ms. Houston was traveling out of town to a grandchild’s basketball game. Ms. Houston remembers that the Witness C was “all over the map” but that she was distressed because people had reported information about Risco’s improprieties and didn’t know what to do. Witness C indicated that she received Ms. Houston’s name from her Pastor at church. Ms. Houston said that this information was not something they could keep to themselves, they had to report. Ms. Houston indicated that because she was traveling, the Witness C needed to reach out to Mary Morrow, the Board Chair.
- Thursday, January 23, 2020 at approximately 4:15 p.m. Witness C reaches out to the Department of Finance Director, Tonya Carter, with some information. Witness C indicated that there were women that came to her and she didn’t know what to do. She said there were sexual matters and that women had been coming to her for some time to report the sexual harassment. She said the complaints were informal and she didn’t know what to do. Carter told Witness C that she was the official compliance officer and that she could not remain silent. Witness C said that she spoke to Alice Houston who told her to call Mary Morrow, but she didn’t have Morrow’s number. Tonya then stated, “you’re going to call Ellen [Hesen], you’re going to call Mary [Morrow] and you’re going to tell them.” She gave her their numbers. Tonya then told her, “If you don’t call them, I will.” “If they hear it from me, you’re going to get fired.”
- Friday, January 24, 2020. Witness C contacts Mary Morrow. Ms. Morrow reports that she had just gotten off a plane and was sitting in Mallory Square in Key West, Florida when she received the call. Witness C described herself as a “compliance officer.” They spoke for 15-20 minutes. Witness C did not know what to do during the phone call and Ms. Morrow directed her to get her thoughts in order, make

notes, collect materials and that they would speak on Monday, January 27, 2020. Witness C didn't give any specifics, but Morrow could tell it was something big involving sexual harassment and inappropriate texting. Morrow felt Witness C had been carrying this for a while. Morrow reached out to a former Board Chair, Cedric Powell, who was an attorney on Saturday, January 25, 2020. Powell said TARC needed an attorney. He also said that she should call Alice Houston. Morrow reached out to Houston on Saturday and Houston stated that she already spoken to Witness C. They discussed needing an attorney and to develop a strategy to obtain one immediately.

- Friday, January 24, 2020. Carter confirms with Witness C that she made the calls she was supposed to make. Witness C confirms that she spoke with Mary Morrow.
- Monday, January 27, 2020. Ms. Morrow travels to Dry Tortugas National Park where there was no cell service. All plans continued to Tuesday.
- Tuesday, January 28, 2020. Mary Morrow calls Ellen Heslen and informs her of Witness C's call from Friday and the issues related thereto. Leaves message. One of the primary legal questions was who had the authority to terminate, the TARC Board or the Mayor's office. KRS Chapter 96A controls.²⁷
- Wednesday January 29, 2020, Heslen returns Morrow's phone call, and gets Witness C's telephone number. Morrow suggests hiring Stoll Keenon. Heslen calls Witness C to collect notes and information.
- Thursday, January 30, 2020. Witness C provides some of the materials requested, including the Sexual Harassment Policy by email. She does not provide the requested sexually harassing texts with the explicit pictures.
- Friday, January 31, 2020. Heslen calls the County Attorney's Office to seek representation. County Attorney reviews contractors on call. Heslen suggests hiring Stoll Keenon upon Morrow's recommendation. Heslen also calls Witness C back and requests notes and materials. This includes the Sexual Harassment Policy which will be utilized as a potential basis for removal.
- Saturday, February 1, 2020, Stoll Keenon initially indicates that they handle the case.
- Sunday, February 2, 2020. Stoll Keenon confirms that they can handle the case. Heslen reaches out to Witness C to advise that they should have an outside investigator/counsel by Monday February 3, 2020.
- Monday, February 3, 2020. Stoll Keenon calls back to decline the representation. County Attorney's Office reaches out to Dinsmore and Shohl.

²⁷ Because of KRS 96A.070(9), the Executive Director of TARC serves at the pleasure of the Mayor, and not the TARC Board.

- Tuesday, February 4, 2020. Dinsmore and Shohl agree to take case, set up meeting with Witness C and Tonya Carter.
- Wednesday, February 5, 2020. Witness C, Carter, Hesen, and Perry meet for the first time at the offices of Dinsmore and Shohl. Witness C advises the group that she is collecting sexually explicit materials from one of the victims. Carter discusses the financial improprieties regarding travel. Witness C is advised that Bennet and Perry will begin investigating and that she should provide the explicit materials. She states she will provide them, but she does not immediately do so.
- Friday, February 7, 2020. Witness C reaches out to Witness B and others to go to a personal injury law firm and discuss their cases for money damages. Witness C tells Witness B that she had already spoken with the personal injury firm and that she needed to come. A meeting is set for Sunday, February 9, 2020.
- Friday, February 7, 2020. Upon information and belief, on that day, according to a text he sent to Contractor, Risco is invited to speak before Metro Council on Monday, February 10, 2020 [the Metro Council agenda shows Tuesday, February 11, 2020—a mistake on Risco’s text] regarding paratransit service.
- Sunday, February 9, 2020, Witness B calls Mary Morrow because she believes that she now needs to come forward based upon Witness C’s invitation to the plaintiffs’ attorney’s office.
- Sunday, February 9, 2020, Witness B, Witness C, with Contractor on phone, meet with several Victims at the office of T. Clay to discuss their claims against Risco. Present at the meeting is Denise Bentley.
- Monday, February 10, 2020, the TARC External Investigators provide an interim oral report during a teleconference that there is sufficient evidence against Risco.
- Monday, February 10, 2020. Clay sends a letter to the Mayor’s office indicating that he represents several unidentified Plaintiffs, alludes to claims.
- Tuesday, February 11, 2020. Risco appears at Metro Council and, as he is leaving, is confronted by two reporters who ask him about sexual harassment allegations.
- Tuesday, February 11, 2020. David James texts Ellen Hesen to come to his office at Metro Council. He then shows the sexually explicit texts from Risco to Hesen. He says, “Looks like there’s smoke.”



- Tuesday, February 11, 2020. Ellen demands that Risco meet her downtown. He states that he is at a dinner, so she waits. They meet at the Seelbach lobby near where he is dining and Heslen confronts him about the sexual allegations. She tells him “he is done.” She asks for his resignation and he complies. She had a TARC employee meet him at Union Station to return his car, his computer and phone equipment, and to take possession of his keys and credentials. He was allowed, under supervision, to collect some personal items and was escorted off the property.
- Wednesday, February 12, 2020, the Mayor’s Office publicly announces Risco’s departure.

This was the end of Ferdinand Risco’s career at TARC. From the January 18, 2020, date to the February 11, 2020, date, there is nothing to indicate that the TARC Board failed to take prompt remedial action. The Board took the necessary steps to have Risco ousted by the Mayor’s office and he was so ousted. There were delays—the rejection of the case by the first law firm, the lack of cell phone service in a National Park, the failure of the Witness C to call Mary Morrow, the failure of the Witness C to provide the sexually explicit materials to the Investigator, the Mayor’s office, or the TARC Board—but there is nothing which would indicate the TARC Board failed to take appropriate steps to oust Risco soon after the allegations came to light.

CONCLUSION

This report’s authors never met Ferdinand Risco, but we have been sifting through his detritus since March 2020. The goal was to identify, investigate, and remedy. At the same time, TARC’s Board and the Interim Executive Team has managed a national pandemic, a related layoff and call back, city-wide civil unrest, and the health issues and concerns of our workers. TARC’s Board and Interim Executive Team also accomplished a major route redesign, changed structures related to internal and external reporting for our workers, balanced the TARC budget, managed and resolved litigation, and dealt with the tragic losses of a Board Member and a TARC Coach Operator. All the while keeping our buses running on time and providing the critical service of transportation to our community. These last six months have been crucial to the future of TARC.

During this period and until today, the most important asset of TARC shines through its people. The 700 essential and faithful employees, strong in their resolve to serve our community, have collectively stood up over the last six months, and reaffirmed their commitment to serve. They chose to stay the course and “soldier on” in the face of turmoil despite Risco’s tenure.

While this report may act to satisfy some people’s prurient interests about Risco, its goal is to look forward. Bad people will continue to do bad things, but it is the remedies suggested by this Report which should be the focus. The goal should be to plan *for* worst-case scenarios rather than dealing *with* worst-case scenarios, and remedying the trauma that occurs.

EXHIBIT TABLE

FERDINAND RISCO RESUME	EXHIBIT A
FERDINAND RISCO PREDICTIVE INDEX.....	EXHIBIT B
AIS BACKGROUND REPORT	EXHIBIT C
TARC 2020 BOARD ADOPTED CODE OF CONDUCT	EXHIBIT D
TARC v. FERDINAND RISCO COMPLAINT.....	EXHIBIT E

EXHIBIT A

FERDINAND L. RISCO JR., MBA

High-Performance Executive and U.S. Army veteran with 20+ years' strategic leadership experience delivering demonstrable results in operations & logistics, labor & employee relations, and diversity & inclusion.

CORE COMPETENCIES & MANAGEMENT SKILLS

Organizational design	Operational execution	Organizational communications
Budget management	Policy development & implementation	Talent management
Statutory/regulatory compliance	Risk management & mitigation	Data research & analysis

Selected Accomplishments

- Designed departmental structure and developed processes to move from transactional compliance to strategic diversity and inclusion at MARTA.
- Analyzed and lead the implementation of initiatives to automate the MARTA's EEO Diversity & Inclusion department's primary business functions, increasing effectiveness and efficiencies.
- Increased participation of small and disadvantaged business on MARTA's federally funded projects over 300% (from 19% to 57.8%) in three years through process improvements.
- Implemented operational and technological improvements saving MARTA almost \$300K annually.
- Conducted investigations through resolution for allegations of discrimination, violations of MNR's employee relations policies and statutory EEO protection including Title VI and Title VII
- Updated and streamlined Employee Complaint Tracking System resulting in increased efficiency and accuracy of reporting and monitoring at MNR.
- Served as a strategic partner to various MNR departments on labor related issues; providing timely solutions which have reduced grievance response times by roughly 30%.
- Reduced MNR's financial liability (\$400K) by successfully receiving favorable arbitration decisions.
- Reduced grievance response times at MNR by 30%.

Professional Experience

Metropolitan Atlanta Rapid Transit Authority (MARTA)

Executive Director - EEO Officer

2012 - Present

Reporting to the General Manager/Chief Executive Officer, serve as the Chief Compliance Officer responsible for ensuring that MARTA's strategies goals, and business units are compliant with, and adhere to all local, state, and federal regulations, including the development and implementation of MARTA's:

- Affirmative Action (AA)/Equal Employment Opportunity (EEO) Program
- Disadvantaged Business Enterprise (DBE) Program
- Title VI Plan (with Environmental Justice and Limited English Proficiency Programs)
- The American with Disabilities Act (ADA)

Develop and implement diversity and inclusion initiatives and consult with other members of the executive management team to ensure that all decisions, activities, programs, and services are equitable and do not impact current or potential employees, customers, communities, businesses, or other stakeholders.

Director of Human Resources (Interim)

2012 - 2013

Reporting to the Assistant General Manager of Human Resources, directed the design, implementation, communication, and administration of MARTA's human resources functions including staff management, budgeting, and all reporting.

FERDINAND L. RISCO JR., MBA

MTA Metro-North Railroad (MNR)

Inclusion & Diversity Manager

2008 - 2012

Reporting to the Director of Employee Relations & Diversity/EEO Officer assisted with the implementation and administration of MNR's EEO, Title VI, and Employee Relations programs, including: training initiatives; confidential investigations; preparation of statistical and analytical reports; and communication plans. Provided guidance to leadership and line managers on employee relations, customer relations and EEO concerns.

Field Manager - Labor Relations

2007 - 2008

Reporting to the Director of Labor Relations, administered collective bargaining agreements of 22 unions representing nearly 5,000 employees, provided interpretation and application; served as a liaison.

General Foreman - Maintenance of Equipment

2004 - 2007

Reporting to the Facilities Superintendent, managed supervisors and craft personnel in the maintenance of equipment and facilities, including equipment overhaul, running repair work and inspections of 342 pieces of rolling stock. Automated and improved MNR's maintenance processes increasing daily equipment availability by 19%. Contributed to the design and implementation of modified workflow procedures within MNR's Material Management and Production Analysis Group, increasing productivity by 34%.

Pepsi-Cola Bottling Group - Piscataway, NJ

2002 - 2004

Product Availability Manager

Reporting to the Logistics Manager, led Warehouse Operations, became the top manufacturing facility in the U.S. with an annual operating budget \$6.4 million. Reduced costs per unit from \$0.38 to \$0.22 resulting in an annualized savings of \$205K.

Product Availability Supervisor

Supervised employees in loading of route and transport trucks; provided statistical reports, and maintained safety standards.

Airborne Express - Elizabeth, NJ

2000 - 2002

Field Services Supervisor

Supervised Service Center operations with average daily volume of nearly 50,000 parcels including staff management plan.

United States Army

1995 - 2000

Plans Officer

- Officer in Charge of operating the Emergency Operation Center during the computer conversion Year end 1999, "Y2K".
- Wrote and staffed Fort Benning, GA hurricane equipment evacuation plan to move 300 aircraft and 250 combat vehicles.

Logistics Officer

- Directed all logistics activities for a 700 man and 400 vehicle Mechanized Infantry Battalion
- Managed a \$25 million annual budget and signatory of over \$500 million of assets

Platoon Leader

- Authored a maintenance plan that yielded an operational readiness rate of over 90% for all 28 vehicles assigned.
- Wrote and executed platoon's first Field Trains (rear detachment supply area) standardized operating procedure.

Bradley Platoon Leader

- Accounted for and maintained equipment valued in excess of \$10 million.
- Battalion "Top Gun" award: Perfect score and best Infantry squad during Bradley Table XII qualification.

Commissioned as a Regular Army Officer in the U.S. Army Infantry 8/95

FERDINAND L. RISCO JR., MBA

EDUCATION

MBA, Leadership	2009
University of New Haven, Graduate School of Business and Management	
BBA, Human Resource Administration	1995
Temple University, School of Business and Management	

BOARDS & COMMISSIONS

University of New Haven School of Business Advisory Board	1/2015-present
Georgia Diversity Council, Board of Directors	6/2014-present
American Public Transportation Association, Vice Chair Human Resources	9/2016-present
American Public Transportation Association, Chair Workforce Development	12/2012-9/2016
Connecticut State Board of Education, Gubernatorial Appointee	3/2011-2/2015
New Haven Public Schools Board of Education, Mayoral Appointee	11/2009-9/2013
National Association of State Boards of Education Board of Directors	1/2012-12/2013
Urban Prosperity Fund, Board of Directors	6/2009-7/2013
	3/2001-2/2010

TEACHING EXPERIENCE

Brown Mackie College	10/2015-present
Adjunct Faculty, Business Management	
Courses: Principles of Business, Project Management, Human Resources, Legal Environments of Business, Small Business Management	

CERTIFICATIONS

Georgia Commission on Dispute Resolution, Georgia Supreme Court	8/2013
Registered Neutral – Advanced Certified Mediator	

MEMBERSHIPS AND AFFILIATIONS

Various Chambers of Commerce (Hispanic, African American, Metro Atlanta, Atlanta Gay and Lesbian, Ecuadorian, US Pan Asian)	7/2012 – Present
Society of Human Resources Management	8/1995 – Present
Urban League of Greater Atlanta	7/2012 – Present
Greater Atlanta Economic Alliance	10/2013 – Present



2/5/17

108080

APPLICATION FOR EMPLOYMENT

Today's Date: 1/26/17

Position Applying for: Assistant Executive Director Date Available: _____

PLEASE READ: Failure to fully complete application may result in disqualification of your application. Please print all information requested. Applicants will not be discriminated against because of race, color, religion, sex, national origin, age, marital or veteran status, handicap, sexual orientation, sexual preference or any other legally protected status.

NAME	Ferdinand L. Risco Jr.	SOCIAL SECURITY NUMBER	[REDACTED]
ADDRESS	[REDACTED]	CITY	Lawrenceville
	NUMBER & STREET	STATE	Ga 30044
PHONE NUMBER	[REDACTED]	CELL PHONE	[REDACTED]

Will you accept: Full-time? ☒ Yes ☐ No Part-time? ☒ Yes ☐ No
Weekend work? ☒ Yes ☐ No Night Work? ☒ Yes ☐ No

Are there any circumstances which would prevent you from completing the responsibilities of the position you are applying for? ☐ Yes ☒ No If yes, please explain: _____

Have you ever been employed by TARC? ☐ Yes ☒ No
If yes, when? _____ Why did you leave? _____

Are you at least 21 years of age? ☒ Yes ☐ No

Do you have a valid driver's license? ☒ Yes ☐ No

If yes, Driver's license number: [REDACTED] State: Ga

Has your license ever been suspended or revoked? ☐ Yes ☒ No

If yes, when and why? _____

Do you have a Commercial Driver's (CDL) License? ☐ Yes ☒ No
If yes, what class/endorsements _____

Have you ever been convicted of a felony, misdemeanor or placed on probation by a court?
☐ Yes ☒ No

EDUCATION & TRAINING

	Graduated	Name & Location of school	Name and Date of degree earned
High School	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	William W. Bodine HS Phila, PA	Diploma 6/89
GED	<input type="checkbox"/> Yes <input type="checkbox"/> No		
College	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Temple University Phila PA	Bachelor Business Admin. 8/95
Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	University of New Haven West Haven, CT	Master Business Admin. 6/09

Military Service Record:

Branch of Service Army From: 8/90 To: 4/00

Duties in the service: Commissioned Officer

Do you have relatives currently employed with TARC? ☐ Yes ☒ No

If yes, please list names:

Name	Relationship
Name	Relationship

WORK EXPERIENCE

Have you ever worked under another name? ☐ Yes ☒ No

If yes, give name(s) _____

Note: Start with the most recent position, furnish dates and explanation for each period of unemployment of one month or more. If additional space is needed, please use a separate sheet

Previous Employer MARTA - Metropolitan Atlanta Rapid Transit Auth.		Complete Address 2424 Peachmont Rd Atlanta, GA 30324		Phone Number (404) 848-4639
Start Date 7/12	Leave Date 2/17	Salary \$121,000	Reason for Leaving <input type="checkbox"/> Retirement <input type="checkbox"/> Discharged <input checked="" type="checkbox"/> Quit <input type="checkbox"/> Lay-off	
Job Title Executive Director		Supervisor General Manager/CEO		
Describe your duties DEI Lead				
Did this job require a CDL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		May we contact? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, why not?		

Previous Employer MTA - Metro North Railroad		Complete Address 347 Madison Ave New York NY		Phone Number (212) 340-3000
Start Date 2/04	Leave Date 7/12	Salary \$94,000	Reason for Leaving <input type="checkbox"/> Retirement <input type="checkbox"/> Discharged <input checked="" type="checkbox"/> Quit <input type="checkbox"/> Lay-off	
Job Title Inclusion + Diversity MGR		Supervisor Dir of Diversity		
Describe your duties General Foreman / Field Manager Labor Relations				
Did this job require a CDL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		May we contact? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, why not?		

Previous Employer Pepsi-Cola Bottling Group		Complete Address 2200 New Brunswick Piscataway NJ		Phone Number
Start Date 2/02	Leave Date 2/04	Salary \$68,000	Reason for Leaving <input type="checkbox"/> Retirement <input type="checkbox"/> Discharged <input checked="" type="checkbox"/> Quit <input type="checkbox"/> Lay-off	
Job Title Product Availability MGR. Logistics MGR		Supervisor Logistics MGR		
Describe your duties Warehouse Operations Lead.				
Did this job require a CDL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		May we contact? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, why not?		

Previous Employer Airborne Express		Complete Address 15-31 Papetti Plaza Elizabeth, NJ		Phone Number
Start Date 9/2000	Leave Date 2/02	Salary \$50,000	Reason for Leaving <input type="checkbox"/> Retirement <input type="checkbox"/> Discharged <input checked="" type="checkbox"/> Quit <input type="checkbox"/> Lay-off	
Job Title Field Svcs. Supervisor		Supervisor District MGR		
Describe your duties				

Previous Employer U.S. Army		Complete Address Fort Benning GA		Phone Number
Start Date 8/95	Leave Date 4/00	Salary \$35,000	Reason for Leaving <input type="checkbox"/> Retirement <input checked="" type="checkbox"/> Discharged <input checked="" type="checkbox"/> Quit <input type="checkbox"/> Lay-off	
Job Title Commissioned Officer Battalion Commander		Supervisor Ep Medical Discharge		
Describe your duties Battalion logistics officer				
Did this job require a CDL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		May we contact? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, why not?		

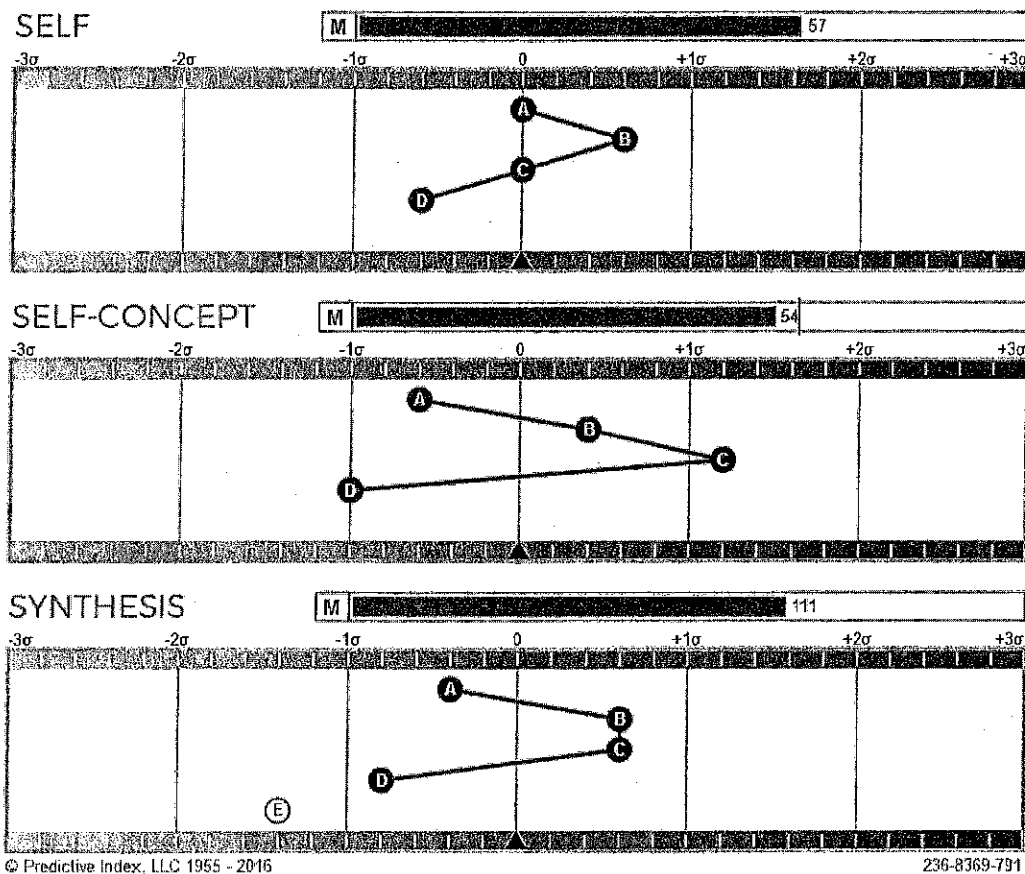
Previous Employer		Complete Address		Phone Number
Start Date	Leave Date	Salary	Reason for Leaving <input type="checkbox"/> Retirement <input type="checkbox"/> Discharged <input type="checkbox"/> Quit <input type="checkbox"/> Lay-off	
Job Title		Supervisor		
Describe your duties				
Did this job require a CDL? <input type="checkbox"/> Yes <input type="checkbox"/> No		May we contact? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, why not?		

CONDITIONS OF EMPLOYMENT

- I. I understand that my employment is contingent upon my passing the physical exam and drug screen; employee references, drivers' license check and police checks must be satisfactory. If there is any problem in any of these areas, I understand that I will no longer be considered for employment of my employment could be terminated.
- II. The facts as stated on this application are true and correct. I understand that, if employed, false statements on this application may cause my immediate dismissal.
- III. I authorize such background and personal reports as deemed necessary to verify that the information I have supplied is true and accurate and to determine my fitness for this job and hold harmless those who have the responsibility to develop such a report. A copy of this authorization is as valid as the original.
- IV. I understand that I may be required to work overtime as a condition of being employed.
- V. In consideration of my employment, I agree to conform to the rules and regulations for employees. I understand I am an employee at will, and that this application is not a contract of employment with TARC, and that my employment and compensation can be terminated, with or without cause, at anytime, at the option of either TARC, or myself. I understand that no representative of TARC, has any authority to enter into any verbal agreement for employment for any specified period of time or to make any agreement contrary to the foregoing and that no document, policy or practice of TARC, may change the foregoing unless it is expressly titled "Employment Agreement" and signed by both myself and an officer of TARC.
- VI. I understand that I may be required to submit to a pre-employment, and post-employment test for fitness and/or substance abuse, if not prohibited by law.
- VII. Upon separation of employment, I authorize TARC to withhold from my final paycheck any monies owed to them by me (if not prohibited by law) for equipment, loans, products, services, materials, insurance premiums or other assets in my possession at promptly returned.

EXHIBIT B

The results of The Predictive Index® Behavioral Assessment should always be reviewed by a trained PI analyst. The PI® Behavioral report provides you with a brief overview of the results of the behavioral assessment and prompts you to consider many aspects of the results not contained in the overview. If you have not yet attended The Predictive Index Management Workshop™, please consult someone who has attended in order to complete the report.



Strongest Behaviors

Ferdinand will most strongly express the following behaviors:

- Socially informal, extraverted, and outgoing; gets familiar quickly. Communicates in an uninhibited, lively, and adaptable manner, drawing others into the conversation.
- Interested in people, building relationships, and teamwork rather than technical matters. Affable, optimistic, and easily trusting.
- Focused on goals and the people he needs to get there, not details or plans; frequently delegates details.

Summary

Ferdinand is an outgoing, extraverted, very friendly individual, a talkative, enthusiastic, and persuasive person. He is a good mixer, poised and spirited in social situations.

Informal and uninhibited in behavior and expression, Ferdinand has an active interest in people, understands them well and is capable of using that understanding to gain the friendship and cooperation of others. It is important to him to be liked, accepted, and admired, and he is adept at winning the cooperation, friendship and acceptance of others. He is capable of expressing himself with persuasion, conviction, and authority even when his knowledge of what he is talking about is cursory or uncertain.

In regard to both the details of his work and the specific policies, standards, or rules governing it, his interest and concern are casual. If his position permits, he will delegate the details of his work very freely. A generalist, he is more concerned with gaining the interest or attention of others than he is with communicating exact, factual information.

Cheerful and upbeat, Ferdinand makes friends, or meets the public, in a relaxed, casual manner, always "selling" in a general sense, and selling himself in particular. He can communicate his own ideas or ideas that are originated by others with enthusiasm. He is a patient, persistent person who is not easily discouraged by rejection, and has above average tolerance for repetitive activities involving communication and contact with people.

Management Style

As a manager of people or projects, Ferdinand will be:

- Broadly focused; his attention is on where he's bringing his team, and what goals he wants them to achieve, rather than on the specifics of how they will get there
- Patiently persistent - he has confidence in his ability to win the buy-in of others in pursuit of his own goals and those of the company, team, and/or customer
- Informal; he adapts his communication and approach to the current person/team's style
- Highly communicative; actively sells his ideas, visions, and even himself to gain team commitment
- Trusting of others and comfortable delegating authority; his follow-up will be light and casual, relying on trust, relationships built, and his persuasive skills to assure that work gets done
- Eager to delegate details and implementation plans; his focus is on team development rather than details or specifics
- Informal and casual with rules and policy; willing to casually bend or break the rules to achieve team goals.

Influencing Style

As an influencer, Ferdinand will be:

- Intuitively focused on his audience - connecting with others more on a personal level than on the specific details of the implementation or technical aspect of the idea or concept
- Steady and resolute in influencing others towards his goal
- Unhurried and patient in answering questions; he is likely to use subtle persuasion and moderate pressure to move the process forward without making others feel rushed
- Very flexible; adjusts his style based on who he's with, and finds out-of-the-box solutions through persistence, open thinking, and verbal communication
- Prepared in advance only as much as necessary; Ferdinand relies on his ability to think on his feet and dynamically persuade others rather than making a plan to follow
- Better at influencing others about intangibles such as ideas or concepts.

Management Strategies

To maximize his effectiveness, productivity, and job satisfaction, consider providing Ferdinand with the following:

- Work which almost exclusively involves communication and contact with people
- Recognition in social and status terms for work done well
- A flexible work environment, where he's evaluated on his persistence, results, team-building, or 'out-of-the-box' solutions, rather than following an exact process to get there
- Opportunities to take action on his own ideas
- If necessary for his kind of work, thorough training, with intense concentration and discipline in teaching him the details, routines and systems which are basic to his work. Follow up will be necessary on any specifics or details.

EXHIBIT C

Advanced Investigative Solutions Inc.

Comprehensive Service to the Corporate and Legal Communities



Complex Investigations

August 7, 2020

Forensic Accounting

Matt Golden
Interim General Counsel
Transit Authority of River City
1000 W. Broadway
Louisville, KY 40203

Polygraphy

Mediation

Security Assessment

**Privileged and Confidential
Attorney Client Communication
Created at Request of Counsel**

Internal Control Analysis

Dear Mr. Golden,

Training

Per your request of July 29, 2020, we have conducted various research/investigation concerning Ferdinand L. Risco. The results are outlined below.

Crisis Management

Law Enforcement Liaison

We have verified Risco has a date of birth of XXX, 19XX, and a social security number of XXX-XX-XXXX. Risco appears to have resided in Connecticut, Georgia, New Jersey, and Pennsylvania as well as Kentucky.

Background Investigations

Statement Analysis

We were unable to run a credit report on Risco since we did not have a signed release.

Financial Analysis

Federal court searches revealed Risco was one of a handful of defendants in a civil rights-education case in the District of Connecticut in 2014. He, along with others, were sued as members of the New Haven Board of Education. This case was dismissed after a settlement was reached. The terms of the settlement were not disclosed.

Trial Preparation

Consulting

Federal court searches for criminal and bankruptcy cases were clear.

We have verified Risco was granted a Bachelor of Business Administration degree from Temple University on August 1, 1995. His

P.O. Box 6 • Simpsonville, Kentucky 40067 • 502-722-1931

E-mail: AIS@TWC.com • www.aisinvestigate.com

major course of study was Human Resource Administration. He attended Temple University from September 1, 1989 until August 1, 1995.

Below are the results of media research for Ferdinand Risco, Jr., prior to his hiring at TARC in Louisville, Kentucky, in March of 2017.

- **Stiffer Penalty Proposed For School Employees Who Fix Test Scores** Hartford, Connecticut, August 3, 2011
- <https://www.courant.com/news/connecticut/hc-xpm-2011-08-03-hc-waterbury-cheating-0804-20110803-story.html>
 - Gives a quote from Risco: “Fantastic foundation,” said state board member Ferdinand Risco Jr. of New Haven, “but I think the resolution should clearly and unequivocally delineate that it is a personal liability ... if you violate your ethics and integrity.”
- **State school board looks at decades-old integration law** Hartford, Connecticut, July 11, 2011
- <https://ctmirror.org/2011/11/07/state-school-board-looks-decades-old-integration-law/>
 - Risco gives a statement on the integration law situation: “I’m not sure the implementation of the law still matches up with the spirit of the law,” said Ferdinand L. Risco, Jr., a member of the SBE and of New Haven’s school board. “We should move to change that law so it fits 2011 and not 1969.”
- **Bridgeport schools now in state's hands** Hartford, Connecticut, July 12, 2011
- <https://www.ctpost.com/local/article/Bridgeport-schools-now-in-state-s-hands-1454666.php>
 - States that: State board member Ferdinand Risco, of New Haven, who voted against the takeover, said he didn't understand the rush “about the move to” replace the elected school board with a five-member appointed panel.
- **State BOE reorganizes staff to focus on academic improvements** Hartford, Connecticut, January 18, 2012
- <https://www.ctpost.com/local/article/State-BOE-reorganizes-staff-to-focus-on-academic-2617662.php>

- Mentions: suggestion by board member Ferdinand Risco to rename an affirmative-action position to one that focuses on diversity and inclusion.
- **Accelerate: The quarterly newsletter for the Conference of Minority Transportation Officials** Atlanta, Georgia, October 1, 2012
 - https://cdn.ymaws.com/members.comtonational.org/resource/collecion/84B1D6A2-2338-4422-97E9-50E754042AC4/2012_Fall.pdf
 - Highlights Risco as: Ferdinand Risco, Jr. serves as the Executive Director of Diversity and Equal Opportunity at MARTA, ensuring that the strategies and goals of the agency and its business units keep the playing field level in terms of equal employment opportunity, service delivery, access to MARTA services, DBEs and ADA. He also develops and implements diversity and inclusion initiatives and helps ensure that all of MARTA's decisions, activities, programs and services are equitable. Mr. Risco began his railroad career managing maintenance activities at Metropolitan Transportation Authority — Metro North Railroad in New York City, later becoming manager of the labor relations department and, eventually, inclusion and diversity manager. He holds an MBA from the University of New Haven and is currently pursuing a doctorate of business administration specializing in leadership.
- **Rainbow PUSH Coalition's 14th Annual 'Creating Opportunity Conference' a huge success** Atlanta, Georgia, November 4, 2013
 - <https://rollingout.com/2013/11/04/rainbow-push-coalition-14th-annual-creating-opportunity-conference-huge-success/>
 - Mentions: Attorney Janice Mathis, director of PUSH Atlanta, brought together an extremely powerful panel on diversity in contracting immediately after breakfast. The panel gave attendees valuable advice and information on doing business with their organizations. Consumers need to make sure we are supporting those organizations that come out and foster economic fairness and opportunity for our community. On the panel were Sylvester Johnson (Home

Depot), Terrez Thompson (Coca-Cola), moderator Johnnie Booker (retired, Coca-Cola), Ferdinand Risco (MARTA), Kimberly King (Georgia Department of Transportation), Karmetria Burton (Delta Airlines), and Joel Stenson (UPS). Joining to represent the concerns of minority businesses on the panel was John Rogers, founder of Ariel Investments, the country's leading African American investment banking company.

- **MARTA Boosts Commitment to Small and Disadvantaged Businesses** Atlanta, Georgia, December 18, 2014

- <https://www.masstransitmag.com/bus/press-release/12029386/metropolitan-atlanta-rapid-transit-authority-marta-marta-boosts-commitment-to-small-and-disadvantaged-businesses>

- States that: Through its Office of Diversity and Equal Opportunity (DEO), led by Ferdinand L. Risco, MARTA has worked closely with regional and state partners to support and cultivate small business growth in metro Atlanta. "While the economy continues to bounce back, our office has increased outreach to area small and disadvantaged businesses," said Risco. "Exceeding our current goal with a 29 percent participation rate from these businesses shows our efforts are paying off."

- **Defendants want return of \$13K in allegedly overpaid judgment funds** Philadelphia, Pennsylvania, October 21, 2015

- <https://pennrecord.com/stories/510643945-defendants-want-return-of-13k-in-allegedly-overpaid-judgment-funds>

- Stated: On January 13, 2011, the suit says Ellsworth owed a debt to Colombo Bank and to resolve it, executed and delivered a note to Colombo in the amount of \$602,000. The note contained the signature of Ellsworth Properties general partner Ferdinand Risco and managing members of that organization, authorizing a confession of judgment.

- **University of New Haven College of Business Annual Report** New Haven, Connecticut 2016

- <https://www.newhaven.edu/resources/documents/business/annual-report/cob-annual-report-2016.pdf>

- Highlights Risco as a member of the New Haven College of Business Advisory Board: Ferdinand Risco Jr. EMBA '09
Ferdinand L. Risco Jr. serves as the executive director of diversity and inclusion for the Metropolitan Atlanta Rapid Transit Authority (MARTA). He is responsible for the authority's affirmative action/equal employment opportunity program, disadvantaged business enterprise program and Title VI plan. He develops and implements diversity and inclusion initiatives and consults with the executive management team to ensure that decisions, activities, programs and services are equitable and do not adversely impact current or potential employees, customers, communities, businesses or other stakeholders.
- **The Georgia Diversity Council presents Georgia Women in Leadership Symposium** Atlanta, Georgia, March 24, 2016
- <http://www.nationaldiversitycouncil.org/wp-content/uploads/2016/06/Post-Event-Article-2016-GA-WILS-Program.pdf>
 - Lists Risco as a member of the Board of Directors.
- **Community Builder Appreciation Dinner**, January 28, 2017
- https://www.mdjonline.com/community-builder-appreciation-dinner/collection_76dcae0-e57c-11e6-98d2-276c8afd04a5.html#2
 - A media post from the Marietta Daily Journal with a photo of Risco attending the event at the Atlanta Marriott Buckhead Hotel & Conference Center.
- **Twitter** - Tweets sent out by Phillip Bailey (then of the Courier Journal) and Darcy Costello claim that Atlanta's transit authority investigated Risco Jr. in 2013 after complaints about his "management style" described a "hostile and very stressful" workplace. Darcy Costello claims that potential victims from Risco's time in Atlanta have received "anonymous phone calls" threatening them about cooperating with the investigation. Prior attempts at accessing the article that is stated to have the information on the Atlanta investigation have been linked to an article that has returned as no longer existing, but could also be restricted behind a paywall. But no other articles could be located from Atlanta that substantiate any claims made in the 2020

article. The link to the Courier Journal website for the article is: <https://www.courier-journal.com/restricted/?return=https%3A%2F%2Fwww.courier-journal.com%2Fstory%2Fnews%2Fpolitics%2Fmetro-government%2F2020%2F02%2F28%2Ftarc-scandal-ex-chief-investigated-atlanta-before-louisville-hire%2F4902200002%2F>

- Phillip Bailey tweet
- <https://twitter.com/phillipmbailey/status/1233450861407473665?s=20>
- Darcy Costello tweet
- <https://twitter.com/dctello/status/1283153887814459394>

Court searches were conducted in many different jurisdictions. The results are as follows:

Middlesex, NJ	Civil	Clear
Muscogee, GA	Civil	Clear
Gwinnett, GA	Criminal	Clear
Fulton, GA	Criminal	Clear
Connecticut-statewide	Criminal	Clear
Pennsylvania-statewide	Criminal	Clear
Muscogee, GA	Criminal	Clear
Liberty, GA	Criminal	Clear
Kentucky-statewide	Criminal	Clear
New Haven, CT	Civil	See attached
Philadelphia, PA	Civil	See attached
Fulton, GA	Civil	Clear
Liberty, GA	Civil	Clear
New Jersey-statewide	Criminal	Court Delays
Jefferson, KY	Civil	
Gwinnett, GA	Civil	

A nationwide criminal search was clear.

A nationwide sex offender search was clear.

I have also attempted to verify association with the United States military. The Federal Record Center in St. Louis has been closed due to the COVID virus. Should I receive a response in the near future, the information will be forwarded.

A social media search has been completed and has been forwarded separately.

I certainly hope this information is helpful to you and your client.

Sincerely,
Carl Christiansen

EXHIBIT D

TARC CODE OF CONDUCT

Adopted May 26, 2020, by TARC Resolution 2020-26

1. Public service is a public trust, requiring TARC employees to place loyalty to TARC, the Constitution, the laws and ethical principles above private gain.
2. Employees shall not hold financial interests that conflict with the conscientious performance of duty.
3. Employees shall not engage in financial transactions using nonpublic government information or allow the improper use of such information to further any private interest.
4. Employees shall not solicit or accept any gift or other item of monetary value exceeding \$25. However, Employees shall not solicit or accept any gift or other item of any monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
5. Employees shall put forth honest effort in the performance of their duties.
6. Employees shall not knowingly make unauthorized commitments or promises of any kind purporting to bind the TARC.
7. Employees shall not use their position at TARC for private gain.
8. Employees shall act impartially and not give preferential treatment to any private organization or individual.
9. Employees shall protect and conserve TARC property and shall not use it for other than authorized activities.
10. Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official TARC duties and responsibilities.
11. Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.

12. Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those—such as Federal, State, or local taxes and child support obligations—that are imposed by law.
13. Employees shall adhere to all laws and regulations, including the internally adopted policies of TARC, that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or disability.
14. Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards set forth in this part. Whether particular circumstances create an appearance that the law or these standards have been violated shall be determined from the perspective of a reasonable person with knowledge of the relevant facts.
15. Employees will not utilize federal assistance to lobby members or employees of congress, or officers or agents of any federal agency.
16. Supervisory Employees shall not (a) use their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for office; (b) directly or indirectly coerce, attempt to coerce, command, or advise a state or local officer or employee to pay, lend, or contribute anything of value to a political party, committee, organization, agency, or person for a political purpose; or (c) be a candidate for elective office if the salary of the employee is paid completely, directly or indirectly, by federal loans or grants.
17. In addition to the above, TARC Board Members and the TARC Executive Director shall have those Ethics Responsibilities set forth in the TARC Officer Ethics Policy Adopted by the Board on August 22, 2011, and incorporated herein by reference. The TARC Executive Director's ethics responsibilities set forth here shall be in addition to, and not in the alternative of, the August 22, 2011, resolution.
18. Employees, Officers, Board Members or Agents of TARC having responsibility over procurement and administration of third party contracts and agreements shall have additional responsibilities and disclosure requirements as set forth In TARC's Procurement Regulations as Adopted October 26, 2015, and as may be later amended. These regulations are adopted herein as if set forth in full.

EXHIBIT E

NO. _____

JEFFERSON CIRCUIT COURT
DIVISION _____

JUDGE _____

THE TRANSIT AUTHORITY OF RIVER CITY
1000 West Broadway
Louisville, Kentucky 40203

PLAINTIFF

v.

COMPLAINT

FERDINAND LATZO RISCO, JR.
1152 Laurelhill Way
Lawrenceville Ga 30044

DEFENDANT

SERVE: THE KENTUCKY SECRETARY OF STATE (pursuant to KRS
§ 454.210)
Office of the Secretary of State
Summons Branch
700 Capital Ave., Ste. 86
Frankfort, KY 40601

Comes the Plaintiff, The Transit Authority of River City, a Public Entity Organized
Pursuant to KRS Chapter 96A, by counsel, and for its Complaint against Ferdinand Latzo Risco,
Jr., respectfully submits the following:

PARTIES

1. Plaintiff, the Transit Authority of River City, (hereinafter "TARC"), is a public
entity transit company organized under KRS Chapter 96A.

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Presiding Judge: HON. BRIAN EDWARDS (630312)

COM : 000001 of 000007

2. Defendant, Ferdinand Latzo Risco, Jr. is an adult resident of Georgia, with the most recent known address of 1152 Laurelhill Way, Lawrenceville, Georgia 30044, and is the former Executive Director of TARC.

3. Jurisdiction and venue are proper as the injury complained of, and the indemnification payments herein, occurred in Jefferson County, Kentucky, and the amount in controversy exceeds the minimum jurisdictional requirements of this Court.

FACTS

4. Defendant, Ferdinand Latzo Risco, Jr., (hereinafter "Risco") was employed as the Assistant Executive Director, the Interim Executive Director and Executive Director of TARC. His tenure with the company was from February 2017 until February 2020.

5. During his tenure with the Company, and in the position of the highest levels of management with the company, Risco regularly sexually harassed several victims, all of whom were employees of TARC.

6. Beginning in December of 2017, Risco focused his attention on Victim A.¹ Risco regularly commented on Victim A's appearance, and began messaging Victim A to meet him and to see him alone.

7. During a one on one meeting in response to these messages, Risco asked Victim A to be his "f*** buddy." Risco's inappropriate texting and communications with Victim A continued for many months, with Risco messaging Victim A concerning her appearance and the color of her undergarments.

8. Risco asked Victim A to visit him at his apartment and drink with him after hours. At one such invite, Risco exposed his penis to Victim A.

¹ TARC has made a firm commitment to Risco's victims to not publicly identify them. Until an Order issues from this Court regarding the safety and protection of these victims, each will be referred to as "Victim No. ____."

9. Victim A reports that Risco again asked Victim A to be his "f*** buddy," in August of 2018, and conditioned a promotion on said request.

10. Risco sexually and racially harassed and intimidated Victim B. Victim B was of a darker skin tone than Risco and Risco made comments in front of and to Victim B that belittled her because of her darker skin tone.

11. Risco created a hostile work environment for Victim B, regularly referring to sexual matters in front of Victim B and would refer to his "boom boom" room where he wanted to have sex with TARC employees.

12. Victim B left TARC's employ as a result of the harassment.

13. At some point on or about February 2019, Risco met Contractor.

14. Contractor and Risco allegedly began a consensual sexual relationship in late February 2019.

15. Risco arranged to utilize Contractor's services for a \$27,000 "no bid" contract for Contractor to perform financial services on behalf of TARC.

16. This arrangement was not memorialized and violated several of TARC's internal procurement policies on responsible contractors, bidding and awards. In addition to being financially insolvent, liable for tens of thousands of dollars in unpaid federal taxes, and already named in an investigation in another municipal entity's investigations in fraudulent billing practices, Contractor was hired at the insistence and direction of Risco.

17. The Contractor performed little to no services on behalf of TARC but Risco arranged to have the Contractor paid more than \$228,000.00 during a one-year period.

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18. Through written and oral deception, Risco misrepresented to the TARC Board Contractor's skills, work and abilities and fraudulently obtained an additional \$336,000.00 contract for Contractor in October of 2019.

19. Risco did not disclose to the TARC Board that he was having sex with Contractor when he secured her Contract.

20. Contractor alleges that at some point, their consensual relationship turned to harassment.

21. In addition to the above, Contractor and Risco worked to groom others—literally and figuratively—to become more sexually attractive to Risco. Victim C was so groomed by Contractor to be more attractive to Risco.

22. Victim C reports being sexually harassed and, in one instance, has alleged that she was sexually assaulted by Risco in September of 2019.

23. In regard to Risco's victims, Risco, in most cases, chose to target young African American females who were single mothers and financially dependent upon TARC and Risco for their wherewithal. In that regard, upon information and belief, Risco targeted women for victimization who would not likely report his abuse.

24. These victims reported fear of losing their jobs as a reason that they did not report their victimization until the end of January 2020.

25. Risco was confronted with these allegations and evidence of his harassment in early February 2020 and left his position on February 12, 2020.

26. Upon information and belief, the Victims retained counsel in early to mid-February 2020.

27. The Victims claimed money damages against TARC for Risco's actions.

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28. Risco refused to cooperate with TARC and hired legal counsel who advised that Risco had “put the matter behind him” and could not be “bothered” with the Victim’s claims.

29. TARC confirmed Risco’s refusal to cooperate in writing to his attorney.

30. Since Risco’s departure, new management at TARC has worked to compensate Risco’s Victims, the TARC employees mentioned above, for the trauma he caused them. TARC settled with Victim A for \$120,000.00, Victim B for \$160,000.00 and Victim C for \$250,000.00.

COUNT I
CALGA CLAIMS UNDER KRS § 65.2001 et. seq.

TARC incorporates by reference all preceding paragraphs and states:

31. By law, TARC is obligated to defend and indemnify Risco for the trauma he caused pursuant to KRS § 65.2005, the Claims Against Local Government Act (hereinafter “CALGA”). This law was designed to protect an innocent but negligent government actor from damages caused in the course and scope of their employment.

32. CALGA does not extend its protection to all government actors, especially those actors who intentionally do wrong or refuse to cooperate to cover their own wrongdoing.

33. KRS § 65.2005(3) provides, in pertinent part, “if a local government pays any claim or judgment against any employee pursuant to subsection (1) of this section, **it may recover from such employee the amount of such payment and the costs to defend if: (a) The employee acted or failed to act because of fraud, malice, or corruption[.]**”(Emphasis added).

34. CALGA also provides that a public entity shall recover from a government actor if the actor willfully refused to cooperate with the employer and retained private counsel without the consent of the public entity. KRS § 65.2005(3)(c) and (e).

35. Risco’s actions and/or inactions with regard to the Victims were “because of fraud, malice, or corruption” in their most base form.

36. Risco has refused to cooperate and assist in these claims and has retained private counsel in violation of provisions of CALGA.

37. Risco's fraudulent, malicious, or corrupt actions and/or inactions were the proximate cause of the cost of the settlement of the Victim's claims and the costs expended to defend Risco.

38. As of the date of this filing, the CALGA claims and costs of defense in this matter are approximately \$550,000.00. Risco is liable to TARC for the full costs of claims and defenses in this matter.

COUNT II

Fraud, Fraudulent Misrepresentation and Defalcation

TARC incorporates by reference all preceding paragraphs and states, in addition to, or in the alternative:

39. Risco violated procurement policies and breached his fiduciary duties to TARC when he deceptively contrived to pay and award contracts to an unqualified individual, namely Contractor, who was not a "Responsible Contractor" under TARC's rules.

40. Risco fraudulently and deceptively worked to circumvent TARC's adopted procurement policies in order to perpetrate these payments.

41. Risco failed to disclose his sexual relationship with Contractor and, through artifice and other misrepresentation, lied to the TARC Board in order to pay Contractor.

42. Risco contrived with the Contractor to create a website for her and to otherwise make her appear qualified before the TARC Board.

43. When questioned about this contract by members of the TARC Board, Risco fraudulently misrepresented facts in order to induce the Board to award additional moneys to the Contractor.

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44. Risco's fraudulent, deceptive, and misleading acts resulted in, and were the proximate cause of, damages to TARC in the amount of over \$228,000.00.

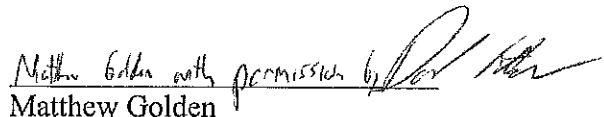
45. Risco is liable to TARC in the amount of its damages, together with an appropriate award of punitive damages.

WHEREFORE, Plaintiff, TARC, prays for judgment against the Defendant, Ferdinand Latzo Risco, Jr. and:

- A. A trial by jury on all issues so triable;
- B. For damages in excess of the minimum jurisdictional requirements of the Court, both compensatory and punitive;
- D. For Plaintiff's costs herein;
- E. For a reasonable attorney's fee; and
- F. For any and all further relief to which Plaintiff may appear to be entitled.



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matt@mattgoldenlaw.com



Commonwealth of Kentucky
David L. Nicholson, Jefferson Circuit Clerk

Case #: 20-CI-004782

Envelope #: 2688801

Received From: DAVID CRITTENDEN

Account Of: DAVID CRITTENDEN

Case Title: THE TRANSIT AUTHORITY OF RIVER CITY VS. Confirmation Number: 112718988

RISCO, FERDINAND, ET
Filed On 8/17/2020 2:06:44PM

#	Item Description	Amount
1	Access To Justice Fee	\$20.00
2	Civil Filing Fee	\$150.00
3	Money Collected For Others(Court Tech. Fee)	\$20.00
4	Library Fee	\$3.00
5	Money Collected For Others(Attorney Tax Fee)	\$5.00
6	Charges For Services(Jury Demand / 12)	\$70.00
7	Money Collected For Others(Postage)	\$12.80
8	Money Collected For Others(Secretary of State)	\$15.45
9	Charges For Services(Copy - Photocopy)	\$1.80
10	Charges For Services(Attestation)	\$0.50
TOTAL:		\$298.55

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AOC-E-105
Rev. 9-14

Sum Code: CI

Commonwealth of Kentucky
Court of Justice Courts.ky.gov

CR 4.02; Cr Official Form 1



CIVIL SUMMONS

Case #: **20-CI-004782**

Court: **CIRCUIT**

County: **JEFFERSON Circuit**

Plaintiff, THE TRANSIT AUTHORITY OF RIVER CITY VS. RISCO, FERDINAND LAT, Defendant

TO: FERDINAND LATZO RISCO JR
1152 LAURELHILL
LAWRENCEVILLE, GA 30044

The Commonwealth of Kentucky to Defendant:

You are hereby notified that a **legal action has been filed against you** in this Court demanding relief as shown on the document delivered to you with this Summons. **Unless a written defense is made by you or by an attorney on your behalf within twenty (20) days** following the day this paper is delivered to you, judgment by default may be taken against you for the relief demanded in the attached complaint.

The name(s) and address(es) of the party or parties demanding relief against you or his/her (their) attorney(s) are shown on the document delivered to you with this Summons.

Jefferson Circuit Clerk

Date: **8/17/2020**

Proof of Service

This Summons was:

☐ Served by delivering a true copy and the Complaint (or other initiating document)

To: _____

☐ Not Served because: _____

Date: _____, 20____

Served By

Title

Summons ID: @00000954300

CIRCUIT: 20-CI-004782 Long Arm Statute – SOS - Restricted Delivery

THE TRANSIT AUTHORITY OF RIVER CITY VS. RISCO, FERDINAND LAT



eFiled

326DFS26-1371-4F61-9A38-C658A138787B : 000009 of 000009

Presiding Judge: HON. BRIAN EDWARDS (630312)

CI : 000001 of 000001



ABOUT TARC | ridetarc.org

The Transit Authority of River City (TARC) provides mobility solutions for the greater Louisville region.

TARC's mission is to explore and implement transportation opportunities that enhance the social, economic, and environmental well-being of its service area. This includes connecting residents and visitors to the region with 102 paratransit vehicles and 223 buses.

TARC is dedicated to its role in moving the workforce of today and tomorrow. With 63% of trips taken for work & another 20% for school, TARC is crucial in the region for delivering a qualified workforce to employers and for getting students to class.