

City of Detroit
Office of the Inspector General
FutureNet Debarment Matter
OIG Case No. 2016-0071
June 7, 2019



Ellen Ha, Esq.
Inspector General

CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL

I. Final Recommendation

On March 27, 2019, the Office of Inspector General (OIG) held an administrative hearing for FutureNet Group, Inc. (FutureNet) and its CEO Parimal (Perry) Mehta. The purpose of the hearing was to provide FutureNet an opportunity to present evidence, testimony, and any supporting information in response to the OIG’s preliminary finding that FutureNet and Mr. Mehta have not acted as responsible contractors and should both be debarred for twenty (20) years. After having reviewed all evidence and conducting an administrative hearing on the matter, the OIG’s final recommendation is as follows:

- The initial recommendation that FutureNet be debarred for twenty (20) years be **AMENDED to fifteen (15) years with an effective date of September 30, 2016. The end date of the debarment is September 30, 2031.**
- The initial recommendation that Parimal “Perry” Mehta be debarred for twenty (20) years be **SUSTAINED. The end date of the debarment is September 30, 2036.**

II. Complaint

On September 28, 2016, the Office of Inspector General (OIG) received a complaint from the City of Detroit Law Department. The letter stated that on April 8, 2016, former Deputy Director of the City of Detroit’s Department of Information Technology Services (DoIT), Charles L. Dodd, Jr., entered into a plea agreement with the Public Integrity Section of the United States Department of Justice for the crime of Federal Program Bribery. He subsequently pled guilty on September 27, 2016. Mr. Dodd admitted to soliciting and accepting cash payments totaling more than \$15,000 from Perry Mehta, CEO and President of FutureNet, a contractor that provided information technology services and personnel to the City of Detroit. It was requested that the OIG investigate both the conduct of Mr. Dodd as well as FutureNet.

The OIG investigation was placed on hold due to the ongoing criminal investigation. On September 14, 2018, the OIG reopened its file after Charles Dodd was sentenced to twenty (20) months in US District Court. Therefore, on September 17, 2018, the OIG sent Perry Mehta and FutureNet a letter informing them that the OIG was proposing they be debarred for the maximum allowed period of twenty (20) years pursuant to the City’s Debarment Ordinance.

III. FutureNet Overview

a. Company Information

FutureNet provided information technology (IT) and consulting services to various clients. The company also engaged in the business of designing, manufacturing, installing, selling, and servicing antiterrorism force protection systems, including active and passible barrier systems and electronic monitoring products. It previously contracted with the City of Detroit to

provide technology resources in support of information technology related projects for DoIT as well as for other City agencies.¹ FutureNet was also awarded a sole source contract to assist the Building, Safety, Engineering, and Environmental Department (BSEED) with the implementation of a new software platform.²

At the time of the bribery of Mr. Dodd, Mr. Mehta was the President and CEO of FutureNet. On March 21, 2017, Perry Mehta resigned from

...all positions with Future Net Group, Inc. (“FutureNet”) and FutureNet Security Solutions, LLC (“Security Solutions”). This includes me resigning from the positions of Chief Executive Officer (“CEO”), President, Board of Directors member, Chairman of the Board of Directors, and Facility Security Officer at FutureNet, and from the positions of CEO and Manager at Security Solutions.³

Also on March 21, 2017, FutureNet’s Board appointed the following officers: Joginder Singh (CEO), Jignesh “Jay” Mehta (Senior Vice President), Krishal Dalal (Senior Vice President), Jeff Achten (Senior Vice President), and Brian Cooper (Vice President).⁴ On March 6, 2018, CEO Joginder Singh resigned as Chairman and CEO. Jay Mehta was elected by FutureNet’s Board to serve as the Chairman and CEO and Krishal Dalal was elected to serve as the Director of the Board and Senior Vice President.⁵

Currently, FutureNet has no remaining assets or employees. On May 7, 2018, Wayne County Circuit Court appointed Basil Simon as receiver for FutureNet. This occurred after the company became substantially indebted to several lenders.⁶ To date, Mr. Simon has sold all divisions of FutureNet Group under his direct supervision to multiple independent companies. As a result, FutureNet does not have any remaining employees and is essentially a dormant company.⁷

b. Contracts with the City of Detroit

The City of Detroit has had various contracts with FutureNet to provide technical resources to various city agencies to assist with their technology initiatives.⁸ Most recently, the City of Detroit entered into Contract No. 2896739 with FutureNet whereby the company

¹ 2014-2016 Professional Services Contract No. 2896739 between the City of Detroit Information Technology Services Department and FutureNet Group, Inc., Exhibit A: Scope of Services, pg. 30.

² Professional Services Contract No. 6000772 between the City of Detroit and FutureNet Group, Inc.

³ Perry Mehta Resignation Letter dated March 21, 2017.

⁴ March 21, 2017 Board Resolution/ Joint Written Consent of the Board of Directors and Common Shareholders of FutureNet Group, Inc.

⁵ March 6, 2018 Board Resolution/ Written Consent Resolution in Lieu of Meeting of the Board of Directors

⁶ Detroit Investment Fund, L.P., and Chase Invest Detroit Fund, LLC. v. FutureNet Group, Inc., FutureNet Security Solutions, LLC, Motor City Developer, LLC, and Parimal D. Mehta, Case No. 18-004682-CB Wayne County Circuit Court. Circuit Court Judge Lita M. Popke. Order Appointing Receiver.

⁷ Steve Fishman email to the OIG dated April 23, 2019.

⁸ The OIG had a contract with FutureNet for web-based case management system for production of secured files and reporting. It was Contract No. 2876477 for the amount of \$58,600. The contract began on March 22, 2013 and ended on June 30, 2016.

provided technology resources in support of information technology related projects for DoIT as well as for other City agencies.⁹ The contract began on October 1, 2014 and terminated on September 30, 2016, with two (2) one-year renewal options. The contract amount was not to exceed \$6,091,200. On April 20, 2015, the contract was amended to increase the amount of the contract, not to exceed \$8,968,839.¹⁰

On June 13, 2017, the Detroit City Council approved Contract No. 6000772.¹¹ The purpose of the contract was for BSEED to implement Accela which is a software platform designed for use by government agencies to administer a variety of tasks, including licensing, inspections, permitting, and right of way management. FutureNet was selected as the prime vendor through a sole source justification meaning they were identified as the only potential provider. The justification stated in part

FNG is the only **Detroit, Michigan based value added reseller for Accela solutions** including Software license, maintenance, managed services, implementation and training services. For City of Detroit, FNG is only single prime vendor for all Accela solutions related services.

IV. Indictment and Guilty Pleas

a. Charles L. Dodd, Jr.

On September 27, 2016, Mr. Dodd pleaded guilty in the U.S. District Court for the Eastern District of Michigan to one count of federal program bribery.¹² On September 11, 2018, he was sentenced to twenty (20) months in prison, to be followed by two (2) years of supervised release, for accepting more than \$29,500 in bribe payments from two IT companies providing services and personnel to the City of Detroit.

According to admissions made in connection with his plea, Mr. Dodd held numerous supervisory positions with the City of Detroit, including his appointment as Director of DoIT in 2014. Mr. Dodd exercised supervisory authority over a staff of dozens of public servants and contractors. He also held significant influence over the administration of multi-million dollar contracts between the City of Detroit and private IT companies.¹³

⁹ 2014-2016 Technical Resources Contract No. 2896739 between the City of Detroit Information Technology Services Department and FutureNet Group, Inc., Exhibit A, Scope of Services, pg. 30.

¹⁰ City of Detroit Amendment Agreement No. 1 to Contract No. 2896739, pg. 2. The contract was approved by the Financial Review Commission (FRC) on April 20, 2015.

¹¹ Contract No. 6000772 was approved by the FRC on June 26, 2017.

¹² Department of Justice, U.S. Attorney's Office Eastern District of Michigan (2016, September 27). *Former Director of Detroit Office of Departmental Technology Services Pleads Guilty to Bribery* [Press Release]. Retrieved from <https://www.justice.gov/opa/pr/former-director-detroit-office-departmental-technology-services-pleads-guilty-bribery>

¹³ Department of Justice, U.S. Attorney's Office Eastern District of Michigan (2018, September 11). *Former Director of Detroit Technology Office Sentenced to Prison for Bribery* [Press Release]. Retrieved from <https://www.justice.gov/opa/pr/former-director-detroit-technology-office-sentenced-prison-bribery>

According to Mr. Dodd's Plea Agreement¹⁴ and the Government Sentencing Memorandum,¹⁵ he solicited and accepted cash totaling around \$15,000, a trip to North Carolina and other things of value from FutureNet President and CEO Perry Mehta. Mr. Dodd admitted that he accepted these things of value from Mr. Mehta intending to be influenced and rewarded in connection with FutureNet's efforts to obtain business with Detroit, and that he used his official influence to provide preferential treatment to FutureNet in exchange for these things.

b. Perry Mehta

On May 30, 2018, Perry Mehta pleaded guilty to 18 U.S.C § 666(a)(2) Federal Program Bribery in the United States District Court for the Eastern District of Michigan. Mr. Mehta admitted that beginning in approximately 2009, and continuing through about August 2016, he gave, offered, and agreed to give things of value to Mr. Dodd in exchange for official acts which would benefit FutureNet. The official acts included the selection of FutureNet personnel to fill open positions in various city departments and the selection of FutureNet to implement particular technological projects in various city departments. Mr. Mehta also asked Mr. Dodd to provide confidential information regarding Detroit's internal operations and to expedite payments to FutureNet from Detroit.¹⁶

V. Administrative Hearing

On October 10, 2016, the OIG sent a letter to Mr. Mehta to inform him that on September 28, 2016, the OIG initiated an investigation into the circumstances surrounding the September 27, 2016 guilty plea of Mr. Dodd. The letter specified the basis of the OIG investigation was Mr. Dodd's admission to accepting more than \$29,500 in unlawful payments from two (2) information technology companies providing services and personnel to the City of Detroit, one of those companies being FutureNet.

The OIG investigation was subsequently placed on hold due to the ongoing federal investigation. On September 14, 2018, the OIG reopened the case after Mr. Dodd was sentenced. Based on the evidence gathered by the OIG, we found that FutureNet and Mr. Mehta are not a responsible contractors. Therefore, in a letter dated September 17, 2018, the OIG advised FutureNet and Mr. Mehta that we were initiating debarment proceedings. On October 15, Steve Fishman, Mr. Mehta and FutureNet's attorney, responded to the proposed debarment on behalf of his clients.

On November 9, 2018, the OIG offered FutureNet and Mr. Mehta the opportunity to have an administrative hearing to present evidence and testimony in response to the OIG findings. Section 7.5-311 of the Charter provides that "[n]o report or recommendation that criticizes an official act shall be announced until every agency or

¹⁴ Plea Agreement as to Charles L. Dodd Jr., United States of America v. Charles L. Dodd Jr., Case No. 2:16-cr-20629 (E.D. Mich. September 27, 2016).

¹⁵ Government Sentencing Memorandum as to Charles L. Dodd Jr., United States of America v. Charles L. Dodd Jr. Case No. 2:16-cr-20629 (E.D. Mich. August 28, 2018).

¹⁶ Plea Agreement as to Parimal Mehta, United States of America v. Parimal D. Mehta, a/k/a "Perry Mehta," Case No. 3:18-cr-20060 (E.D. Mich. May 30, 2018).

person affected is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel.”

a. FutureNet and Perry Mehta

On October 15, 2018, Mr. Fishman asked that the OIG delay making its final decision until after Mr. Mehta’s December 3, 2018 sentencing hearing. In a separate email dated October 26, 2018, Mr. Fishman stated that he was urging the OIG to consider Mr. Mehta’s conduct as separate and distinct from FutureNet as a whole. He stated that he believed the OIG would have more information about the critical issues once we had access to (1) Mr. Mehta’s sentencing memorandum; (2) the government’s memorandum; and (3) the transcript of the hearing which would include the judge’s comments. On October 29, 2018, the OIG agreed to postpone the hearing until the above-mentioned documentation could be obtained.

On January 29, 2019, Mr. Fishman provided the transcript of the sentencing hearing. Mr. Mehta’s sentencing memorandum as well as the government’s memorandum were also provided to the OIG. On February 8, 2019, he requested an administrative hearing for both FutureNet and Mr. Mehta. The hearing was held on March 27, 2019. FutureNet and Mr. Mehta were asked to provide any evidence or testimony that evidenced they are responsible contractors. Mr. Fishman provided additional documentation and presented information on behalf of his clients at the hearing. He called no witnesses.

b. Jay Mehta

On October 13, 2016, the OIG sent a letter to Jignesh “Jay” Mehta to inform him that on September 28, 2016, the OIG initiated an investigation into the circumstances surrounding the September 27, 2016 guilty plea of Mr. Dodd. At the time the bribery occurred, Jay Mehta was the Senior Vice President of FutureNet. The letter specified the basis of the OIG investigation was Mr. Dodd’s admission to accepting more than \$29,500 in unlawful payments from two (2) information technology companies providing services and personnel to the City of Detroit, one of those companies being FutureNet.

The OIG investigation was subsequently placed on hold due to the ongoing federal investigation. On September 14, 2018, the OIG reopened the case after Mr. Dodd was sentenced. Based on the evidence gathered by the OIG, as of September 14, 2018, we found that Jay Mehta is not a responsible contractor and thus the OIG was recommending discipline up to and including debarment.

Therefore, on September 17, 2018, the OIG sent a letter to Jay Mehta’s attorney, Marshall Goldberg, notifying him of the initiation of debarment proceedings. He was also notified that, if his client wished to oppose the debarment, a response was required no later than October 15, 2018. On October 12, 2018, Mr. Goldberg requested an extension to respond and the OIG denied the request in accordance with the City’s Debarment Ordinance. However, at that time, the OIG agreed to accept any supplemental response in addition to the October 15th response, the official deadline date in accordance with the City’s ordinance.

The OIG did not receive a response from Jay Mehta or his attorney. Therefore, on October 16, 2018, the OIG emailed Mr. Goldberg to confirm no response was received by the OIG. On November 5, 2018, the OIG sent Mr. Goldberg a letter stating that since the initiation of debarment proceedings against his client was unopposed, Jay Mehta was debarred for the maximum penalty of twenty (20) years, with an effective date of September 30, 2016 and an end date of September 30, 2036.

VI. Debarment Analysis

Debarment is reserved for city contractors who have been found to have engaged in improper, unethical, or illegal conduct related to their contractual agreement with the City of Detroit. The purpose of the Debarment Ordinance is to ensure that the City of Detroit solicits offers from, awards contracts to, consents to subcontracts with, or otherwise does business with responsible contractors only. Debarment is to be imposed only when it is in the public interest.¹⁷ There is no statute of limitations on investigations, findings of violation of the debarment policy or the initiation of debarment proceedings.¹⁸

The OIG's initial findings regarding FutureNet and Perry Mehta not being responsible contractors were based on Mr. Mehta's and FutureNet's conduct of bribing Mr. Dodd. In response to the initiation of debarment proceedings, Mr. Fishman argued that since "Mr. Mehta is solely responsible for his misconduct, neither FutureNet nor any other member of FutureNet should be punished."¹⁹ However, Mr. Mehta and FutureNet cannot be considered separate and distinct. While the bribery was occurring, Mr. Mehta was the Chairman, CEO, and President of FutureNet. His actions resulted in direct financial benefit to the company. Additionally, FutureNet did not have the proper policies and procedures in place to prevent or detect the bribery scheme which lasted from approximately 2009 through August of 2016.

In Defendant's *Motion for Variance*, it was argued that Mr. Mehta's case was different from the "ordinary bribery case," which lends support to a lenient sentence for Mr. Mehta.²⁰ Mr. Fishman argued the following points:

1. FutureNet was a long-established contractor dating back prior to Mr. Dodd's employment with the City of Detroit.
2. FutureNet received the City contracts in open competition and because of its performance.
3. The City of Detroit received full value for the services provided by FutureNet and those services, particularly involving the Accela contract, saved the City money.
4. It cannot be argued that FutureNet received the Accela contract because of anything having to do with the relationship between Mr. Mehta and Mr. Dodd.

¹⁷ Debarment Ordinance, Section 18-11-1. Purpose.

¹⁸ Debarment Ordinance, Section 18-11-5(c). Grounds for Debarment.

¹⁹ Letter from Mr. Fishman to the OIG Re: OIG Investigation File Nos. 2016-CC-0071 and 18-0031-INV dated October 15, 2018.

²⁰ *Motion for Variance*, United States of America v. Parimal D. Mehta, Case No. 3:18-cr-20060 (E.D. Mich. May 30, 2018), pg. 4-5.

5. Mr. Mehta and Mr. Dodd had a longstanding, friendly relationship that included socializing.²¹

The OIG finds these arguments unpersuasive in making its final debarment decision. Based on the evidence presented in court pleadings, Mr. Mehta's case was not different from the "ordinary bribery case" in both his actions and the harm it caused to the public trust. The actions of Mr. Mehta outlined in the *Government Sentencing Memorandum* dated November 19, 2018 are deeply troubling and reinforce Mr. Mehta and FutureNet's inability to act as responsible contractors. According to the *Government Sentencing Memorandum*, Mr. Mehta engaged in the following conduct:

- For approximately seven (7) years, Mr. Mehta bribed Mr. Dodd to obtain lucrative city business and confidential city information by providing Mr. Dodd with money, travel, gifts, and jobs for family members.²²
- On December 15, 2014, Mr. Mehta sought confidential information from Mr. Dodd to support FutureNet's proposal to implement Accela at BSEED. Mr. Mehta requested that Mr. Dodd "expedite this agreement." In response, Mr. Dodd advocated for FutureNet to city officials. He also provided Mr. Mehta with confidential information which Mr. Mehta then used in a meeting with city officials where they discussed "various aspects of purchasing and implementing [the] entire Accela solution." Soon after, FutureNet was awarded the sole source Accela contract.²³
- At the same time, and continuing through September 2016, FutureNet submitted proposals to implement and support Accela with other Detroit city agencies, which would result in millions of dollars in potential revenue for FutureNet. While these FutureNet proposals were pending, Mr. Mehta regularly met Mr. Dodd to exercise his influence in these matters and paid him bribes.²⁴
- During summer 2016, Mr. Dodd provided Mr. Mehta confidential budgetary information which Mr. Mehta used in negotiating with the Detroit Department of Public Works (DPW) and the Detroit Water and Sewerage Department (DWSD).²⁵ At a later date, Mr. Mehta requested the internal budgetary information for the Detroit Health Department (DHD) and the Housing and Revitalization Department (HRD) to use in FutureNet's Accela proposal to these City agencies.²⁶

As detailed above, the reasons given for Mr. Mehta's leniency in his criminal case do not support a reduction in the length of debarment proposed by the OIG against Mr. Mehta. FutureNet, through Mr. Mehta, used confidential budgetary information to help it secure the Accela contract. These actions cannot be considered as fair, competitive, or transparent. Mr.

²¹ *Id.* at 5-6.

²² *Id.* at 1.

²³ *Id.* at 4.

²⁴ *Id.* at 5.

²⁵ *Id.*

²⁶ *Id.* at 6-7.

Fishman argued that FutureNet was the only authorized Accela seller in the City of Detroit.²⁷ However, the City was considering using the State of Michigan's existing Accela contract. Therefore, it was not a given that FutureNet would have been awarded the contract without the assistance of Mr. Dodd.

Mr. Fishman also argued that the City of Detroit did not suffer a financial loss.²⁸ Indeed, no restitution was sought by the US Attorneys' Office from Mr. Mehta or FutureNet. However, the OIG is not convinced by this argument because it would be difficult, if not impossible, to calculate any potential financial loss to the City of Detroit. In addition to the Accela contract, the City contracted with FutureNet to provide IT personnel. It is unknown if any FutureNet personnel were hired at Mr. Dodd's urging despite other qualified, and perhaps for less amount through other IT personnel agencies.

While it is unknown if the City of Detroit suffered any actual financial loss by contracting with FutureNet, the loss of public trust and confidence in the City's contractual process cannot be underestimated. The public's trust is diminished anytime a public servant is corrupted. It weakens the citizens' confidence in the City of Detroit's bidding and contracting process as well as their confidence in the ability of public servants to act in the best interest of the public. Therefore, the OIG finds that it is not in the best interest of the City of Detroit or its citizens to continue to do business with Mr. Mehta and FutureNet.

a. Changes in Ownership and Leadership

On March 21, 2017, Perry Mehta submitted his resignation letter which stated that he resigned from

all positions with Future Net Group, Inc. ("FutureNet") and FutureNet Security Solutions, LLC ("Security Solutions"). This includes me resigning from the positions of Chief Executive Officer ("CEO"), President, Board of Directors member, Chairman of the Board of Directors, and Facility Security Officer at FutureNet, and from the positions of CEO and Manager at Security Solutions.

Also on March 21, 2017, the Board of Directors for FutureNet passed the *Board Resolution/ Joint Written Consent of the Board of Directors and Common Shareholders of FutureNet Group, Inc.* which appointed the following officers: Joginder Singh (CEO), Jay Mehta (Senior Vice President), Krishal Dalal (Senior Vice President), Jeff Achten (Senior Vice President), and Brian Cooper (Vice President). The officers again changed through a *Board Resolution/ Written Consent Resolution* on March 6, 2018. At that time, CEO Joginder Singh resigned as Chairman and CEO, Jay Mehta was elected to serve as the Chairman and CEO, and Krishal Dalal was elected to serve as the Director of the Board and Senior Vice President.

²⁷ Transcript of Administrative Hearing at 11, In Matter of: OIG Case No. 2016-0071 Debarment Matter, dated March 27, 2019.

²⁸ *Id.* at 8.

Though Perry Mehta ceased to have a role in the day-to-day operation of FutureNet beginning in March 2017, all of the above individuals held positions with the company during the ongoing bribery of Mr. Dodd. They benefited from Mr. Mehta's illegal actions and failed to put policies and procedures in place to prevent and detect such behavior from occurring. Additionally, Jay Mehta, who did not oppose his debarment, is now the Chairman and CEO of the company. Therefore, the OIG finds that these changes are not enough to demonstrate that FutureNet can act as a responsible contractor.

Further, Perry Mehta continued to have an ownership interest in the company for over a year after he resigned from FutureNet. In a letter dated March 26, 2018, Mr. Mehta stated that he "transferred the 100% ownership of [his] equity interest for FutureNet Group and subsidiaries including FutureNet Security Solutions, LLC to an independent trust." The beneficiaries of the trust are Mr. Mehta's children.²⁹ Though Mr. Mehta divested his ownership in FutureNet, it was not an arm's length transaction. He merely gave his ownership to his children. Additionally, he did not give up his ownership until over a year after he resigned and only a few months before the Wayne County Circuit Court appointed Basil Simon as the receiver. Mr. Simon was charged with managing the entire operations of the company including disposition of company assets due to FutureNet becoming substantially indebted to several lenders.

b. Remedial Actions Taken by FutureNet

FutureNet has taken some remedial measures to prevent future wrongdoing. The remedial measures taken include updating the *Employee Handbook* to provide employees with an overview of FutureNet's code of ethics and conflict of interest policy as well as requiring employees to watch an ethics training video. Employees are now required to sign an acknowledgement that they received the handbook and video training.

However, these actions were not taken on FutureNet's own initiative. The company undertook these remedial measures as part of an Administrative Agreement between the United States Department of Justice (DOJ) and FutureNet which was entered into on April 17, 2017. The DOJ required FutureNet to make changes due to the bribery scheme in order to be eligible to bid on federal contracts.

Nevertheless, because FutureNet has taken steps to prevent future wrongdoing and because we want to encourage wrongdoers to change and to correct their paths, we do not recommend the maximum debarment of twenty (20) years in this instance. FutureNet has fully cooperated with the OIG investigation and has provided the OIG with evidence that it has taken steps to institute new policies and procedures aimed at preventing improper, unethical, and illegal conduct from occurring in the future. For these reasons, the OIG finds that a period of fifteen (15) years is an appropriate length of debarment. If FutureNet had taken the steps to prevent wrongdoing on their own initiative, the OIG would have considered an even shorter period of debarment.

²⁹ Steve Fishman email to the OIG dated April 23, 2019.

VII. Conclusion

Based on the evidence above, the OIG finds that FutureNet and Perry Mehta are not responsible contractors. Mr. Mehta engaged in improper, unethical, and illegal conduct in the City of Detroit contracting process at the expense of the citizens of Detroit. Though FutureNet has started to take steps to prevent this from occurring in the future, more needs to be done. Additionally, Jay Mehta, who did not oppose his proposed debarment, is the current Chairman and CEO of FutureNet. The Debarment Ordinance prohibits any person who is currently debarred from doing business with the City as a contractor or subcontractor.

FutureNet's conduct under Perry Mehta's leadership and its continued ties to Jay Mehta, cannot easily be dismissed. Every action a contractor takes or does not take has consequences and every contractor must be held accountable for actions taken and not taken. The OIG is tasked with ensuring that the City solicits offers from and awards contracts to responsible contractors only. The serious nature of debarment requires that it is only imposed when it is in the public interest. Therefore, the OIG finds debarment to be in the public interest in this instance.

Section 18-11-12(a) of the Debarment Ordinance states that

The period for debarment shall be commensurate with the seriousness of the cause or causes therefore, but in no case shall the period exceed 20 years. Generally, debarment should not exceed five years, except: (1) Debarment for convictions of criminal offenses that are incident to the application to, or performance of, a contract or subcontract with the City, including but not limited to... bribery, falsification or destruction of records...

The OIG wants to encourage companies whose leadership and employees engage in improper, unethical, or illegal behavior to proactively identify deficiencies within their companies that allowed such behavior to occur and correct it. These companies should also act swiftly and decisively against those whose actions are in question. FutureNet has changed their policies and procedures in an attempt to prevent future issues. However, the company acted due to an Administrative Agreement with the DOJ and not on their own volition. Based on these reasons, the OIG finds that Perry Mehta should be debarred from contracting and subcontracting with the City of Detroit for a period of twenty (20) years and FutureNet should be debarred from contracting and subcontracting with the City of Detroit for a period of fifteen (15) years.



**CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL**

Ellen Ha, Esq.
Inspector General

February 8, 2019

Steve Fishman, Esq.
Ford Building
615 Griswold, Suite 1125
Detroit, MI 48226

RE: OIG Investigative File No. 2016-CC-0071

Dear Mr. Fishman,

An administrative hearing for the above-referenced matter has been scheduled for **Wednesday, March 27, at 10:00** at the Detroit Office of Inspector General (OIG) located at 65 Cadillac Square, Suite 3210, Detroit, MI 48226.

In a letter dated September 17, 2018, the OIG stated it was initiating debarment proceedings against FutureNet and Parimal Mehta due to their involvement in the bribery of former City of Detroit employee Charles Dodd. The purpose of the hearing is to permit your clients an opportunity to present testimony and any supporting information in response to the OIG' recommendation.

You may present any evidence or testimony that shows your clients have acted as responsible contractors. Your witnesses should also be prepared to answer questions involving the bribery of Mr. Dodd.

We have scheduled a court reporter to be present. Any witnesses you would like to testify do not have to be present for the entire hearing. However, we require that you provide the names and order of the individuals who will be testifying five (5) days prior to the hearing. If you need to reschedule or cancel, you must inform that OIG no later than March 21, 2019.

Sincerely,

Jennifer Bentley

Enclosure: OIG Administrative Hearing Rules

CITY OF DETROIT
OFFICE OF THE INSPECTOR GENERAL

In the Matter of:

OIG Case No. 2016-CC-0071 Debarment
Matter

The Proceedings had and testimony taken in the
above-entitled matter before me, Diane L. Szach,
CSR-3170, a Notary Public, within and for the County
of Oakland, acting in Wayne County, State of Michigan,
at 65 Cadillac Square, Suite 3210, Detroit, Michigan,
on Wednesday, March 27, 2019 at 10:00 a.m.

PRESENT:

OFFICE OF INSPECTOR GENERAL
65 Cadillac Square, Suite 3210
Detroit, Michigan 48226
(By Ellen Ha, Kamau Marable and Jennifer
Bentley, Esq.)

Appearing on behalf of OIG.

STEVEN FISHMAN, ESQ. (P23049)
615 Griswold, Suite 1125
Detroit, Michigan 48226

Appearing on behalf of FutureNet and
Parimal Mehta.

1 Detroit, Michigan

2 March 27, 2019

3 10:00 a.m.

4 * * *

5 MS. HA: Today being Wednesday March 27,
6 2019. This is an Administrative Hearing for OIG File
7 Number 2016-CC-0071. We are holding this hearing
8 pursuant to a request made by Parry Mehta and
9 FutureNet in accordance with Section 7.5-311 of the
10 2012 Charter of the City of Detroit, and pursuant to a
11 written notice sent to Mr. Mehta and FutureNet's
12 attorney, Steve Fishman, on February 8, 2019.

13 The record should further reflect that Jay
14 Mehta failed to oppose the proposed debarment,
15 therefore Marshall Eric Goldberg, the attorney for Jay
16 Mehta, was sent a letter from this office pertaining
17 to the OIG's final determination of debarment against
18 Jay Mehta.

19 While the OIG's investigation against
20 FutureNet and its executive was opened in 2016, the
21 investigation was placed on hold due to the ongoing
22 federal investigation pertaining to the City of
23 Detroit's former IT director, Charles Dodd. Now that

1 the federal investigation has concluded and Mr. Dodd
2 and Mr. Parimal or also known as Parry Mehta have been
3 sentenced, the City of Detroit Office of the Inspector
4 General reopened the investigation and found that
5 Parry Mehta, then CEO of FutureNet, and Charles Dodd,
6 former director of the city's IT department, were
7 engaged in bribery. Therefore, the Office of
8 Inspector General finds FutureNet and Parry Mehta not
9 responsible contractors with whom the city should
10 conduct business.

11 The purpose of this hearing is to provide
12 FutureNet and Mr. Parry Mehta with an opportunity to
13 present testimony, evidence, and any supporting
14 information and documents in response to the OIG's
15 finding that FutureNet and Parry Mehta have not acted
16 as a responsible contractor.

17 So that the record is clear, number one,
18 OIG is charged under the charter of the City of
19 Detroit to ensure that the city conducts its business
20 with honesty and integrity including with whom the
21 city conducts its business; and, two, the City of
22 Detroit debarment ordinance requires that the Office
23 of Inspector General to act as the city's chief

1 investigator to ensure that the city conducts business
2 with only responsible contractors.

3 So therefore, everyone in the room is
4 reminded this hearing is not an adversarial
5 proceeding, and as such will be heard in the manner
6 pursuant to the OIG's administrative rules, a copy of
7 which was provided to Mr. Fishman prior to today's
8 hearing. The hearing is not for the Office of
9 Inspector General to present its evidence or
10 witnesses. The purpose of the hearing is for
11 FutureNet and Mr. Mehta to provide the OIG with
12 testimony or evidence which would prove the OIG's
13 findings against FutureNet and Parry Mehta are
14 incorrect and/or inaccurate, and that contrary to the
15 OIG findings, FutureNet and Parry Mehta are indeed
16 responsible contractors.

17 So may we have appearances from everyone in
18 the room?

19 MS. BENTLEY: Jennifer Bentley, attorney
20 for the Office of Inspector general.

21 Mr. MARABLE: Kamau Marable, Deputy
22 Inspector General.

23 MR. FISHMAN: Steve Fishman on behalf of

1 Mr. Mehta and FutureNet, and hoped to be on behalf of
2 Jay Mehta, but we already had that discussion.

3 MS. HA: Yes. Ellen Ha, Inspector General
4 for the City of Detroit.

5 MR. FISHMAN: So I thought about -- we
6 communicated by email, and Jennifer has been really
7 good about telling me about this process since I'm a
8 criminal lawyer and don't know anything about this
9 kind of a process. And I went back and looked, and I
10 think I provided you with the following, and this
11 would be our things from FutureNet.

12 We delayed this -- first thing, the letter
13 I sent to Jennifer on October 15th of 2018 pretty much
14 lays out everything that I had to say about the case
15 and our position in the case particularly with respect
16 to FutureNet as opposed to Parry Mehta. The second
17 thing I gave you was the transcript. We delayed this
18 so we could get the transcript of the sentencing
19 hearing before Judge Cleland which was long and I
20 think informative that resulted in Mr. Mehta getting
21 what I believe was an incredibly light sentence,
22 particularly from a judge like Judge Cleland. And the
23 third thing I gave you was Jay Mehta's grand jury

1 testimony. And I think we need to keep that amongst
2 ourselves by the way. I don't thing that's supposed
3 to put out on the John Lodge Expressway.

4 MS. HA: Actually I had a question about
5 that.

6 MR. FISHMAN: No, I looked at -- I talked
7 to Bob Morgan who works with me. He's a former head
8 of one of the units at the U.S. Attorney's Office.
9 The investigation is over. We're using it for a
10 specific thing here. It's not being revealed to the
11 general public. Neither of us could think of a reason
12 why you can't review it. I didn't see any utility in
13 bringing Jay here. His English is good, but its
14 heavily accented. When I'm talking to him on the
15 phone, I have a hard time understanding him. And he
16 was under oath at the time, so to me it's about as --
17 and particularly under oath at a federal grand jury
18 where if you lie, and we've kind of seen with some of
19 these people in D.C., what's happened to them when
20 they lie at grand jury, so I think that provides
21 everything that I wanted to give you guys.

22 I would say that pretty much what I wrote
23 in the letter is basically what has come out, and the

1 key with respect to FutureNet and the key with respect
2 to Jay, although I understand that Marshall screwed up
3 by not answering, the key is I think it's
4 undisputed -- a number of things are undisputed, and
5 the first thing most importantly for this hearing is
6 that it's undisputed by anyone that Parry Mehta did
7 this without consulting with anybody including his
8 brother Jay or anybody else at FutureNet. He had a
9 prior relationship with Dodd. There is no doubt that
10 what happened is criminal, no doubt about it, and Dodd
11 as you guys know did it with a different company
12 before he did it with this company. I don't know if
13 you're already aware of that. So his sentence was
14 more severe than Mr. Mehta's, but I don't think there
15 is anything to indicate that anybody else at FutureNet
16 had anything to do with this kind of stuff.

17 The sentencing transcript I think lets you
18 know, and if it doesn't, I can fill you in on it, what
19 it was was a bunch of -- you know, taking them into
20 what do you call them, I don't want to say what I call
21 them, topless bars, okay, giving them liquor. He gave
22 them cash at times. It was \$900 over a course of six
23 months that was part of our case. But it was

1 literally a little here and a little there. And it
2 was criminal, shouldn't have been done, but I don't
3 there is any evidence, and if there had been, I think
4 the government would have charged somebody else or
5 certainly made some noise about somebody else.

6 The second thing, which I stress the most,
7 and I'm sure if you read the sentencing transcript,
8 there is no contention even by the United States
9 Government that the city suffered any kind of loss.
10 It's very unusual in federal criminal cases, really
11 unusual in fraud or bribery cases for there to be no
12 either restitution -- well, restitution to begin with.
13 And the government agreed. The government didn't seek
14 restitution, the government didn't claim that the city
15 lost anything. And quite frankly, I haven't seem
16 anything that said that the city lost anything. And
17 all I know is, I mean, the city loses whenever one of
18 its employees participates in conduct like that, and
19 you lose when one of your contractors does, but in
20 terms of financial loss, which to me, that in my mind
21 is probably the largest reason that Judge Cleland gave
22 him such leniency, in addition to the fact that, you
23 know, they've suffered, FutureNet and Parry as the

1 former CEO, suffered a huge financial loss by getting
2 involved in this thing, not just here in Detroit, but
3 you know, they have contracts all over the place. So
4 that to me is kind of an important thing. Had there
5 been a loss, or had there been a claimed loss, there
6 would have either been a forfeiture provision or
7 restitution provision, and they didn't do it.

8 Mr. Mehta resigned back in March of 2017
9 and had nothing more to do with the company. And I
10 think it's pretty clear from Jay Mehta's grand jury
11 testimony, and I wrote down a couple of pages, between
12 Pages 55 through 58, and Pages 60 through 62, Jay
13 Mehta was grilled quite frankly by the justice
14 department lawyers as to what he knew, did he ever
15 know, blah, blah, blah, and under oath he said he
16 didn't, and that's all I've every heard either. And
17 I've not heard anybody contend that he did or anybody
18 else did.

19 So I don't know, only you guys know, I
20 don't know whether 20 years is the normal debarment
21 proceeding. Is that the maximum debarment proceeding,
22 I don't know. If somebody can tell me that, I could
23 address that issue as to how long. What is the --

1 MS. HA: 20 years is the maximum under the
2 city's ordinance.

3 MR. FISHMAN: That's the maximum. So you
4 can give him anything up to 20 years?

5 MS. HA: Yes.

6 MR. FISHMAN: So right now as it stands Jay
7 Mehta is nailed for 20 years. Parry -- they're all
8 nailed for 20 years right now, and we're trying to
9 undo that, or that's up in the air for Parry and
10 FutureNet?

11 MS. HA: So far we have not made any final
12 decision for Parry Mehta or FutureNet. That's why
13 we're having this hearing.

14 MR. FISHMAN: Got it. So I make a big
15 distinction between Parry singularly and the company
16 as a whole. I know he was the president and CEO, but
17 I do think it matters as to whether or not you have,
18 you know, everybody is in on it, everybody that works
19 there, not everybody, but five, six people, three
20 people, even two people. I just think this is
21 something that Parry did. I think it happened to
22 develop over time because he and Dodd had a personal
23 relationship, and you can tell that from the -- did I

1 send you a copy of my sentencing memo?

2 MS. HA: I think just the transcript.

3 MS. BENTLEY: I think I pulled it off
4 PACER.

5 MR. FISHMAN: Oh, yes, you can get it off
6 PACER?

7 MS. BENTLEY: Yes, I think I got it off
8 PACER.

9 MR. FISHMAN: And it had exhibits, too,
10 correct?

11 MS. BENTLEY: Yes.

12 MR. FISHMAN: The article from Crain's
13 and --

14 MS. BENTLEY: Yes.

15 MR. FISHMAN: Good. Then you have
16 absolutely everything. But that pretty much sets
17 forth -- you know, the Excello contract, it seems to
18 me, I haven't heard anything different from anybody
19 including the government, that it was favorable to the
20 city, that it was something that helped save money,
21 and, you know, I attached the various things that
22 demonstrated that. So I guess what I -- I don't know,
23 because I don't do this kind of stuff, I don't know

1 what to ask for. I just think FutureNet itself -- as
2 of right now FutureNet is no longer doing business
3 with the city? That's what I was told. Is that true
4 as far as you guys know?

5 MS. BENTLEY: As far as we know, yes.

6 MR. FISHMAN: And Parry obviously has
7 nothing more to do with it. You know, I don't know,
8 it just seems like the FutureNet suspension should be
9 a whole hell of a lot less than Parry. Parry is the
10 one who did it, and I don't think the whole company
11 should be punished. I don't know if they'll ever do
12 business with the city again anyway, because from I'm
13 told and from what I presented to Judge Cleland, it
14 was only 2 or 3 or 5 percent of their business
15 nationwide. But I think it's -- I know for sure from
16 talking to Jay Mehta that the debarment here depending
17 on what other cities or other entities decide to do,
18 and you can see from I had the sentencing memo, you
19 can see from there they had a contract with the FBI of
20 all people. Here you've got a contract with the FBI
21 and you have -- I don't mean to talk so fast, I forgot
22 you're typing, but I usually talk in order, most
23 reporters tell me that. Some people go bbbbl1111.

1 Those are the harder ones. But I really don't know
2 what the practical effect is.

3 I know that their concern -- Jay is
4 concerned more than anybody, and maybe we can go off
5 the record and discuss him later if you want, that it
6 could hurt him in business elsewhere because, you
7 know, they can run a check I guess and see if you've
8 been debarred anywhere, and then they say, oh, you got
9 debarred in Detroit, so therefore here in Los Angeles,
10 we don't want to do business with you or something
11 like that.

12 So I guess my suggestion is I don't
13 think -- I think 20 years is kind of a lot even for
14 Parry, but I think for FutureNet, I don't -- I mean, I
15 don't know what to tell you. I can't pick a time. I
16 just think it should be significantly lower than that.
17 And it seems like they do good work, you guys know
18 that better than I. If they don't do good work, the
19 city wouldn't want them anyway. But if they do good
20 work, I think you should give them the opportunity, I
21 don't know, three years, something like that, you
22 know, some more reasonable thing for FutureNet.

23 And what you do with Parry, I mean, I don't

1 know, I can't tell you what to do with Parry. I mean,
2 if you think that what his conduct was, that it was
3 that bad, then you should really essentially never do
4 business with him again, but 20 years, I know I won't
5 be around, that I know for sure.

6 MS. HA: You don't know that.

7 MR. FISHMAN: Oh, I just turned 70. I
8 doubt very much I'll be around here at 90. I
9 certainly won't be working. I might be shooting
10 little baskets in a little gym for old people.

11 So that's pretty much it. If you have
12 questions, either of you, I would like to try to
13 answer them. I think I know a lot about the case. I
14 know a lot about the criminal case. I don't know
15 anything about how the OIG handles things.

16 I understand entirely why you don't want to
17 be in a position with the city dealing with anybody
18 that's committed crookery or been convicted of
19 crookery, but FutureNet really didn't, and they really
20 didn't have anything to do with the criminal case.
21 And I go back to the restitution issue is the thing
22 that to me tells you the city -- the city got screwed
23 because their employee and contractor did something,

1 but they didn't get financially screwed. That's my
2 thing.

3 So if you have questions, I'm happy to
4 answer them.

5 MS. BENTLEY: What is the current status of
6 FutureNet?

7 MR. FISHMAN: That's a great question.
8 You've got to remember, I'm just their criminal
9 lawyer. And the reason I think that they had me come,
10 because they have used other lawyers. You know, in
11 D.C. they had all kinds of licensing problems, all
12 kinds of different things for that national thing. I
13 think that -- I've heard every different thing, you
14 probably saw it in the transcript, that they're going
15 to have to sell the company, but Parry is out of it,
16 that's for sure, and he'll be home -- he'll be gone
17 like nine months doing push ups and learning how to
18 shoot baskets or whatever they do over at those camps.
19 And don't let anybody let you think by the way when
20 you go to federal camp it's prison, because it ain't.
21 It's a nice vacation from your spouse and your
22 children and your work. Just so you know. These guys
23 who get 18 -- now, if they get ten years, that's

1 different. But don't let anybody tell you they went
2 to jail, because they didn't, okay.

3 Anyway, they're doing business according to
4 Jay -- I talked to him yesterday, and they're doing
5 business around the country. And he's got a concern
6 because of this debarment, and it's really only
7 because Marshall screwed up, and I hate it because
8 Marshall is in the same office with me, we share
9 space, he just didn't file what it is, and you guys
10 sent him I don't know how many things, right?

11 MS. HA: Yes.

12 MR. FISHMAN: And it's unfortunate, I don't
13 want him to wind up getting a grievance or getting
14 sued, that's why I would love if there's a way that we
15 can -- I mean, he'd sign anything, Jay would, he'll
16 never do business with the city again, it's just the
17 existence of the debarment from what he was telling me
18 yesterday that he's worried about. It hasn't happened
19 yet where they're working at other places, but he's
20 concerned, you know, that somebody is going to pick it
21 up, and then they're going to broom him from there
22 because of this. And he really didn't do anything.
23 The only thing he didn't do was he didn't hit Marshall

1 in the head with a brick and get him to file whatever
2 he needed to file to -- because I doubt very much you
3 would have concluded anything about Jay Mehta, unless
4 you know something that I don't know, and that the
5 United States Government didn't know or that Judge
6 Cleland didn't know, because we never heard a word
7 about him.

8 I can tell you for sure as a, I hate to say
9 how many years, 47 years, 46 years as a criminal
10 lawyer and dealing with the feds for as long as I
11 have, if they had any inclination they he was lying to
12 him, if they had any evidence at all, you know, from
13 any of the other people from your side of the table
14 that Jay knew what was going on, his butt would have
15 been sitting next to Parry as a defendant or on a
16 perjury charge, he absolutely would have been. So I
17 think we can all assume he didn't really know anything
18 and didn't do anything, and what Parry did, Parry kept
19 to himself.

20 So the status of FutureNet, they're still
21 working from what I can tell, they're working in other
22 places. I don't know that they're ever going to
23 attempt, and I'm convinced for sure if I told them you

1 have to sign something and sign it in blood and we'll
2 all witness it that you'll never, ever try to get a
3 contract in the City of Detroit, they would do it, I
4 know that for sure, if I tell them.

5 So if there is an alternative way with
6 respect to Jay, and I know what the rules are, and you
7 served them up to me, and Marshall screwed up big
8 time, but if there's any way and we can do something
9 different than him having this debarment just because
10 Marshall didn't send in a piece of paper, I would
11 really appreciate it. It would make my life a lot
12 easier. Even though we're not partners, we've been
13 friends for -- I stood up in his wedding, you know
14 what I mean, not Jay's, but Marshall. And it's
15 just -- there's no real excuse for it. He has a
16 tendency sometimes to be kind of messy, and stuff gets
17 piled up all over the place, and I've had a few of
18 these things, but never anything that has consequences
19 like this.

20 So anyway, that was a long-winded answer,
21 I'm sorry, but that's what I know. They obviously are
22 doing business because they're concerned. If they
23 weren't doing any business, then we wouldn't waste our

1 time, right.

2 MS. BENTLEY: So one thing that we had seen
3 is they were potentially going through bankruptcy?

4 MR. FISHMAN: Well, but see the thing is,
5 and I don't know this kind of stuff. This is where
6 your need civil lawyers. You know as well as I do, a
7 part of a company can go bankrupt -- you know, look at
8 Trump, right. He goes bankrupt 18 times and he's
9 still supposedly has a billion dollars, which is kind
10 of impossible for me to figure, but I don't know the
11 answer to that. That was what -- but I don't know if
12 there's a FutureNet just that was concentrated on the
13 Detroit business, I don't know.

14 On the other hand, it could be, because if
15 you saw the list that I had in my sentencing memo, all
16 those contracts were cancelled, and I know for sure
17 they had a lot of employees, Detroiters, and they had
18 I don't if it's city rules or if they did it on their
19 own, 50 or 75 percent of their employees here were
20 city residents. I don't know if that's -- when you do
21 business with the city, if that's a requirement, but
22 whatever it was, and all those people they had to be
23 let go obviously because they've got nothing more

1 going on here.

2 So I don't know the answer to that either.
3 And I don't know that anybody knows the answer to
4 that, because it sounds like they're working. Parry
5 is gone. And even though, I mean, he stepped down,
6 I'm sure he knows more about it than anybody else
7 does. I can't imagine that he's not talking with his
8 brother, you know what I mean, and I just don't know.

9 MS. BENTLEY: So I had some followup
10 questions on the information you submitted on
11 October 15th of 2018.

12 MR. FISHMAN: Okay, I've got my letter
13 right here.

14 MS. BENTLEY: So one thing that you
15 provided to us was a March 6th, 2018 -- it's Written
16 Consent Resolution in Lieu of Meeting of the Board of
17 Directors.

18 MR. FISHMAN: Yes.

19 MS. BENTLEY: So there are some things
20 noted in here. Actually, give me a second to find it.

21 Actually I guess if you go to the next
22 thing, which is the Joint Written Consent of the Board
23 of Directors, there are some things in here that I

1 wanted to follow up on.

2 MR. FISHMAN: Okay. I'll do the best I
3 can.

4 MS. BENTLEY: Maybe this is something that
5 you can provide us to us after the hearing.

6 MR. FISHMAN: Yes.

7 MS. BENTLEY: So on Page 2 it references
8 in-house counsel. So it says that it's in the best
9 interest of the company to create the position of
10 in-house counsel.

11 MR. FISHMAN: Which one am I looking at?

12 MS. BENTLEY: Page 2 of the Joint Written
13 Consent of the Board of Directors.

14 MR. FISHMAN: The first one I have is
15 Written Consent Resolution.

16 MS. BENTLEY: Maybe the next page.

17 MR. FISHMAN: The next one is Written
18 Consent Resolution on March 6th?

19 MS. BENTLEY: No, two page I think -- keep
20 going.

21 MR. FISHMAN: Joint Written Consent.

22 MS. BENTLEY: So on the second page it says
23 in-house counsel towards the bottom.

1 MR. FISHMAN: Yes.

2 MS. BENTLEY: I wanted to see if we could
3 get details on that. Was that position filled, and,
4 you know, how do they ensure full compliance with the
5 laws and regulations, what does that look like?

6 MR. FISHMAN: So you want to know was it
7 filled, and what procedures or what process is in
8 place to make sure everything is complied with, right?

9 MS. BENTLEY: Right. Then it also
10 references some company policies to assist with this.
11 So we would be interested in getting a copy of the
12 policies.

13 MR. FISHMAN: Copy of company policies.
14 Got it.

15 MS. BENTLEY: Then if you look over on the
16 third page, it talks about the compliance committee.

17 MR. FISHMAN: I see it.

18 MS. BENTLEY: So essentially the same
19 thing, was the compliance committee created.

20 MR. FISHMAN: Okay. And copies of whatever
21 they --

22 MS. BENTLEY: Yes, whatever goes along with
23 that. And, you know, just typically what do they do,

1 what is their role, who sits on that, if there any
2 minutes.

3 MR. FISHMAN: Yes, minutes, that's a good
4 idea.

5 MS. BENTLEY: So I think it calls for an
6 independent director. Was that person appointed, who
7 is it?

8 MR. FISHMAN: Okay.

9 MS. BENTLEY: And then adoption of
10 corporate policies. So just, you know, again it calls
11 for a revised employee handbook, a code of business
12 ethics and conduct, a corporate policy of
13 organizational conflicts of interest.

14 MR. FISHMAN: And you would like to see all
15 those?

16 MS. BENTLEY: Right. And a mitigation plan
17 it talks about.

18 MR. FISHMAN: Yes.

19 MS. BENTLEY: We would like to see those.
20 It also talks about training that should occur for
21 employees I believe, so --

22 MR. FISHMAN: Is that in that same
23 paragraph?

1 MS. BENTLEY: Yes, I think is.

2 MR. FISHMAN: Yes.

3 MS. BENTLEY: So if that's been
4 implemented, we would like the details on that.

5 MR. FISHMAN: Okay.

6 MS. HA: And any documents supporting.

7 MS. BENTLEY: So if you do training, is
8 there a sign-in sheet, Power Point, whatever it is,
9 you know, we're definitely interested in that.

10 MS. HA: On Page 5, also the same document,
11 a couple -- actually the signature of two directors
12 are missing. And if you could provide us with --

13 MR. FISHMAN: A copy with all five
14 signatures?

15 MS. HA: Yes.

16 MR. FISHMAN: Okay.

17 MS. BENTLEY: The last page of your
18 submission, Parry Mehta submitted or transferred
19 100 percent ownership of his equity interest to an
20 independent trust. Is he the beneficiary of that
21 trust?

22 MR. FISHMAN: I don't know. I'll find out.
23 See, I can email with him. This is another thing.

1 People think you're really locked up, but you can
2 email with the whole world, your lawyer, your
3 girlfriend, your wife, anybody you want. So is he the
4 beneficiary, that's what you want to know?

5 MS. BENTLEY: Yes. You know, essentially
6 is he still benefiting from FutureNet by holding this
7 interest in trust.

8 MR. FISHMAN: Okay.

9 MS. BENTLEY: And my next question, not
10 having to do with any of the documentation, so if
11 Parry Mehta and Jay Mehta are debarred for a period of
12 time and -- are they going to still be running
13 FutureNet? Is somebody else going to step in to take
14 over the company? What would be the status of that?

15 MR. FISHMAN: Who will take over the
16 company. I don't think -- I don't know, so don't hold
17 me to this, because remember I was concerned only with
18 the criminal stuff, because Parry was -- could have
19 been in deep doo-doo if things had gone a different
20 way, I think that when he resigned, he was hands off
21 to the extent, you know, that he wasn't around, he
22 wasn't doing anything, but I can't tell you that he
23 didn't talk to his brother, you know what I mean. But

1 if both of them are debarred, I have no idea who would
2 be in charge, but I'll find out.

3 MS. BENTLEY: Okay.

4 MR. FISHMAN: Okay?

5 MS. BENTLEY: Yes. And if it's any direct
6 statements from either of them, if we can have it in
7 affidavit.

8 MR. FISHMAN: Yes, of course.

9 MS. BENTLEY: Those are my questions.

10 MR. FISHMAN: That's it. Ellen, anything
11 more?

12 MS. HA: Yes. I would like to know if
13 Mr. Mehta is getting paid by the FutureNet group since
14 his resignation.

15 MR. FISHMAN: Since March of 2017?

16 MS. HA: Yes.

17 MR. FISHMAN: If he received money from
18 FutureNet since his resignation. I have a feeling
19 it's probably -- well, I shouldn't say that. I know
20 the checks that they paid me with were Jay signed it.
21 He didn't -- there was nothing, no FutureNet, but that
22 doesn't necessarily mean anything. Okay. I can find
23 that out. You want to know has he received it from

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March 2017 or today or both?

MS. BENTLEY: From March 2017 forward.

MR. FISHMAN: All right. Anything else?

MS. BENTLEY: That's it for me. Marable?

MR. MARABLE: I'm good.

MS. HA: I'm good, too.

MR. FISHMAN: See, it didn't take four
hours.

MS. BENTLEY: It sure did not.

(Hearing concluded at 10:29 a.m.)

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C E R T I F I C A T E

I, Diane L. Szach, do hereby certify that I have recorded stenographically the proceedings had and testimony taken in the above-entitled matter at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (28) pages, is a true and correct transcript of my said stenograph notes.

--Diane L. Szach--

Diane L. Szach, CSR-3170
(Acting in Wayne County)
Oakland County, Michigan
My Commission Expires: 3/9/24



**CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL**

Ellen Ha, Esq.
Inspector General

November 9, 2018

Via Email & First Class Mail

Steven Fishman, Esq.
Ford Building
615 Griswold, Suite 1125
Detroit, MI 48226

RE: OIG Investigation File No. 2016-CC-0071

Dear Mr. Fishman:

On September 28, 2016, the Office of Inspector General (OIG) initiated an investigation into the circumstances surrounding the September 27, 2016 guilty plea of Charles Dodd, the former director of the Department of Innovation and Technology. Mr. Dodd admitted in federal court to accepting more than \$29,500 in unlawful payments from two information technology companies providing services and personnel to the City of Detroit, one of the companies being FutureNet of which Parimal Mehta was President and CEO of at that time.

The OIG investigation was placed on hold due to the ongoing federal investigation. Now that the federal investigation involving the technology companies and Mr. Dodd have been resolved, the OIG is again actively investigating this matter. Based on the information gathered to date, the OIG has found that FutureNet and Mr. Mehta has not acted as a responsible contractor and has recommended discipline up to and including debarment.

Section 7.5-311 of the Charter provides that “[n]o report or recommendation that criticizes an official act shall be announced until every agency or person affected is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel.” Therefore we are offering you the opportunity to have an administrative hearing.

The purpose of the hearing is to permit FutureNet and Mr. Mehta an opportunity to present testimony and any supporting information in response to the OIG findings. The hearing is not an adversarial process and shall not be conducted as such. Enclosed is a copy of our administrative hearing rules.



**CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL**

Ellen Ha, Esq.
Inspector General

Please let the OIG know in writing within 14 (fourteen) calendar days if you would like a hearing. You may send your written request to Jennifer Bentley at bentleyj@detoig.org.

Very truly yours,

Ellen Ha
Inspector General

Enclosure: OIG Administrative Hearing Rules