

**City of Detroit**  
**Office of Inspector General**  
**Debarment Report**  
**OIG Case No. 24-0002-INV**  
**March 25, 2024**



**Ellen Ha, Esq., CIG**  
**Inspector General**

**CITY OF DETROIT  
OFFICE OF INSPECTOR GENERAL  
DEBARMENT REPORT**

**BOBBY FERGUSON  
OIG FILE NO. 24-0002-INV  
March 25, 2024**

**I. Debarment Determination**

On December 18, 2023, the City of Detroit Office of Inspector General (OIG) opened a complaint involving Bobby W. Ferguson. In 2013, Mr. Ferguson was convicted of nine (9) felonies, including racketeering, extortion, and bribery related to City of Detroit contracts. He was sentenced to 252 months in federal prison and ordered to pay restitution to the Detroit Water and Sewerage Department (DWSD) in the amount of \$6,284,000. Mr. Ferguson was released in April 2021 on compassionate grounds.<sup>1</sup> As of the date of this report, Mr. Ferguson owes approximately \$2,628,564.86 to DWSD after his restitution owed was reduced due to court approved amendments, payments, and credit for assets seized by the federal government.<sup>2</sup>

While investigating another matter, the OIG learned that, shortly after his release in April 2021, Mr. Ferguson opened the Ferguson Group V, LLC (Ferguson Group). The OIG was also informed that Mr. Ferguson approached a high ranking City of Detroit official about potentially getting a contract with their department. As such, the OIG investigation sought to determine whether debarment would be warranted against Mr. Ferguson pursuant to the City of Detroit Debarment Ordinance (Debarment Ordinance). It should be noted that Section 17-3-355 of the Debarment Ordinance states that there is “no statute of limitations on investigations, findings of violation of the debarment policy, or the initiation of debarment proceedings.”<sup>3</sup>

On February 26, 2024, the OIG sent its draft debarment report, along with the Debarment Ordinance and OIG’s Administrative Hearing Rules, to Mr. Ferguson.<sup>4</sup> He had until March 11, 2024, to request an administrative hearing and until March 25, 2024, to submit a written response. The OIG received no response from Mr. Ferguson or his representative on either March 11<sup>th</sup> or the 25<sup>th</sup>. Therefore, the OIG now finds that Mr. Ferguson is not contesting any of the OIG findings dated February 26, 2024 and is finalizing the debarment in accordance with the City’s Debarment Ordinance.

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<sup>1</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Opinion and Order Granting Defendant’s Motion for Compassionate Release, April 29, 2021.

<sup>2</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, United States’ Response to Defendant’s Motion for Early Termination of Supervised Release (ECF No. 688), January 25, 2023.

<sup>3</sup> City of Detroit Debarment Ordinance, Section 17-5-355. Grounds for debarment(c).

<sup>4</sup> Pursuant to Section 17-5-357(a)(2) of the Debarment Ordinance, the Inspector General provided written notice of the proposed debarment by both certified mail, return receipt requested, and regular mail to all known interested parties. The notice was also sent via email. The OIG sent notice to the address Mr. Ferguson had on file in various court filings as well as his listed address in Michigan Department of Licensing and Regulatory Affairs (LARA) documentation. On February 23, 2024 and March 4, 2024, the OIG also emailed attorney Anthony Adams to determine if he represented Mr. Ferguson. Via email on March 4, 2024, Mr. Adams replied that he did not.

Based on Mr. Ferguson's actions as a City of Detroit contractor and the information detailed below, the OIG finds that Bobby W. Ferguson has not acted as a responsible contractor. Therefore, the OIG is making the following determination:

- Bobby W. Ferguson is debarred for 20 years with an effective date of March 11, 2013 and an end date of March 11, 2033.

As such, pursuant to Section 17-5-354(b) of the Debarment Ordinance, Mr. Ferguson is also precluded from serving as a "subcontractor or as a goods, services or materials supplier for any contract" for the City of Detroit. Additionally, because Mr. Ferguson, as an individual is debarred, no company he owns, is an officer for, or has a direct or indirect financial or beneficial interest in may do business with the City of Detroit as a contractor or subcontractor for the period of debarment.<sup>5</sup>

## II. Conviction of Bobby Ferguson

On September 8, 2010, Mr. Ferguson's indictment was unsealed in the United States District Court for the Eastern District of Michigan. Mr. Ferguson was charged with various counts including conspiracy to defraud the United States, mail fraud, and money laundering. The indictment alleged that Mr. Ferguson "obtain[ed] millions of dollars in public works contracts through fraud, false statements, and bid collusion."<sup>6</sup> On March 11, 2013, Mr. Ferguson was found guilty of nine (9) of the 11 counts he was charged with. Specifically, he was convicted of (1) count of RICO conspiracy, six (6) counts of extortion, one (1) count of attempted extortion, and one (1) count of bribery.<sup>7</sup> On January 15, 2014, Mr. Ferguson was sentenced to serve 252 months in the custody of the United States Bureau of Prisons and ordered to pay \$6,284,000 in restitution to DWSD.<sup>8</sup>

Below is a summary of some of the actions taken by Mr. Ferguson as a City of Detroit contractor. These actions led to him being charged and eventually convicted of various crimes. The information below is based on the court filings of record for the United States of America v. Bobby W. Ferguson, Case No. 10-CR-20403-02 in the United States District Court Eastern District of Michigan.

### a. Extortion of Contractors

In 2001, a new mayor was elected by the City of Detroit.<sup>9</sup> During the then mayor's tenure, he and Mr. Ferguson ran an "unprecedented extortion scheme" which targeted local

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<sup>5</sup> City of Detroit Debarment Ordinance, Section 17-5-363. Application of remedies.

<sup>6</sup> The Federal Bureau of Investigation (FBI) Detroit Division Press Release, Bobby W. Ferguson Indicted for Fraud, Money Laundering, Obstruction of Justice, and Conspiracy to Defraud the United States, September 8, 2010.

<sup>7</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Order Denying Defendant's Motion for Relief from Judgment, December 12, 2023.

<sup>8</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Judgment, January 15, 2014.

<sup>9</sup> "[Kilpatrick appears to have won Detroit mayor's race](#)". The Michigan Daily. The Associated Press. November 7, 2001, accessed on January 31, 2024.

businesses seeking City of Detroit contracts.<sup>10</sup> The local contractors were forced to partner with Mr. Ferguson on city contracts which resulted in the businesses being extorted “tens of millions of dollars.”<sup>11</sup> Mr. Ferguson “bullied local businessmen and women, threatening to cancel their contracts and promising to visit financial harm upon them if they did not accede to his demands.”<sup>12</sup> Mr. Ferguson’s “scheme of extorting city contracts for himself meant that many legitimate companies had no shot at winning city work, even though they might have been the lowest, most qualified bidders.”<sup>13</sup>

### **i. Lakeshore Engineering**

In 2002, Mr. Ferguson approached Lakeshore Engineering (Lakeshore), a small minority owned firm, after it was awarded a \$10 million DWSD sewer contract.<sup>14</sup> Mr. Ferguson, who was aware that the then mayor still had to sign off on the deal, told a member of Lakeshore’s leadership that he wanted 25% of the contract. However, Lakeshore refused because they already had a team in place. Mr. Ferguson then reminded Lakeshore that “[i]t’s still gotta go by the mayor’s desk.” After Mr. Ferguson’s threat, Lakeshore offered Mr. Ferguson 10% which he refused. Mr. Ferguson then had Lakeshore’s \$10 million contract cancelled. Shortly thereafter, Mr. Ferguson also had another of Lakeshore’s contracts cancelled, this one worth \$5 million.<sup>15</sup>

Fearing additional reprisals, the next time Lakeshore bid on a City of Detroit contract, Mr. Ferguson was included on their team. This resulted in Lakeshore being awarded a \$20 million DWSD sewer contract. Mr. Ferguson then demanded Lakeshore pay him multiple no-show payments worth \$1.7 million.<sup>16</sup> Lakeshore paid Mr. Ferguson because they feared he “would use his defacto mayoral power to cancel the contract” as he had done previously.<sup>17</sup>

Mr. Ferguson continued to extort Lakeshore. In the fall of 2005, just before the then Mayor’s reelection, Mr. Ferguson demanded that Lakeshore give him \$25,000 in cash which they “fearfully and immediately” did. Mr. Ferguson created false invoices under the name of one of his companies, Johnson Consulting Services, to conceal the extortion payment. The fraudulent invoice was for work and materials that were never provided to Lakeshore.<sup>18</sup>

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<sup>10</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 1.

<sup>11</sup> *Id.* at pg. 1.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at pg. 7.

<sup>14</sup> This contract was approved by the DWSD Board of Water Commissioners and Detroit City Counsel. See United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 2.

<sup>15</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 3.

<sup>16</sup> A no-show job is defined as a position for which someone is paid but is not expected to do any work. See the Cambridge Dictionary, <https://dictionary.cambridge.org/us/dictionary/english/no-show-job>, accessed on February 12, 2024.

<sup>17</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 3.

<sup>18</sup> *Id.*

At a later date, Mr. Ferguson forced Lakeshore to pay him \$75,000 for an asbestos contract he was not a party to. Mr. Ferguson also required “Lakeshore to pay him \$820,000 for no-show ‘management fees’ to his company, Xcel Construction. The no-show “management fees” were related to Lakeshore’s DWSD water main contract. Lakeshore paid Mr. Ferguson after he told the company’s leadership that “I’ll get your contracts stopped” and “I will shut down your job.” Lakeshore gave in to Mr. “Ferguson’s outrageous demands because they knew, based on past encounters with him, that he was ready, willing and able to act on his threats.”<sup>19</sup>”

## **ii. Inland**

In 2002, Mr. Ferguson approached Inland Waters Pollution Control (Inland) who had been properly awarded a \$50 million DWSD sewer lining contract. Mr. Ferguson again leveraged his relationship with the then mayor and had the then mayor hold up the contract until Inland agreed to replace its minority contractor with Mr. Ferguson. Once in place, Mr. Ferguson continued to threaten Inland if they did not agree to his demands. When Inland needed the then mayor’s approval for a legitimate \$12 million contract amendment, Mr. Ferguson had the then mayor hold it up for several months until Inland agreed to Mr. Ferguson’s demand for \$350,000 in no-show work. In total, Mr. Ferguson received \$20.8 million in gross revenues on the contract.<sup>20</sup>

## **iii. Walbridge**

In 2007, Walbridge Aldinger (Walbridge), a construction firm, was the lowest bidder for the \$75 million DWSD Baby Creek/ Patton Park contract. Though Walbridge narrowly beat out its closest competitor cost wise, the equalization credits still needed to be applied which could either result in the contract being awarded to Walbridge or its competitor. Prior to the application of the equalization credits, a Walbridge representative met with then Mayor’s chief administrative officer. The administrative officer informed Walbridge that they had to add Mr. Ferguson to their team if they wanted to ensure the contract was awarded to them. Walbridge did not want to risk losing the contract and thus agreed to add Mr. Ferguson to the deal which was to the “detriment of their own pocketbook and the excavation firm they previously had partnered with.” This partnership resulted in over \$13 million in revenues going to Mr. Ferguson’s companies.<sup>21</sup>

Mr. Ferguson also attempted to extort Walbridge in relation to a \$140 million DWSD Oakwood pump station contract. Mr. Ferguson demanded that Walbridge enter into a supposed “joint venture” with him that would give Mr. Ferguson “35% of the revenues without Ferguson assuming any downside risk if there were later losses.”<sup>22</sup> He had the then mayor’s chief of staff delay the bid in an attempt to pressure Walbridge to work with him. Additionally, the then DWSD Director “took the highly inappropriate step of making a personal appeal to a Walbridge

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<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at pg. 4.

<sup>21</sup> *Id.* at pgs. 4-5. See also, United States v. Kwame M. Kilpatrick et.al, Case No. 10-CR-20403, December 15, 2010.

<sup>22</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 5.

official” to enter into a joint venture with Mr. Ferguson. The then DWSD Director suggested that the contract would go to Walbridge if they complied even though it was supposed to be a competitively bid contract. Mr. Ferguson also arranged for the president of Walbridge to meet with the then mayor at the Manoogian mansion so he could try to convince Walbridge to partner with Mr. Ferguson. Walbridge refused Mr. Ferguson’s “unreasonable demands” and consequently was not awarded the \$140 million contract.<sup>23</sup>

#### **b. Impact on the Community**

Mr. Ferguson’s actions also impacted the residents of Detroit who paid inflated costs for the “city services that he manipulated to his advantage.<sup>24</sup>” Mr. Ferguson routinely caused contracts to be awarded to companies who were not the lowest qualified bidder. For instance, Mr. Ferguson, with the assistance of the then mayor, “illegally steered” a water main contract to Mr. Ferguson’s team even though his bid was \$1,637,000 higher than the lowest bidder who should have been awarded the contract. This also occurred with a downtown water main project in which Mr. Ferguson’s bid was 47% higher than the company who should have won the bid. Additionally, Mr. Ferguson’s team was also awarded the Heilmann Recreation Center contract, which was awarded through the Detroit Building Authority led by the then mayor’s chief of staff. Mr. Ferguson’s bid was \$86,000 higher than the lowest bidder and ranked second to the bottom in terms of qualified bidders. Finally, on one of Lakeshore’s sewer contracts, Mr. Ferguson extorted \$1.7 million even though he did not do any work.<sup>25</sup>

Mr. Ferguson also submitted fraudulent invoices while working on City of Detroit contracts. For example, Inland employees stated that Mr. Ferguson routinely submitted invoices that lacked supporting documentation and were often “patently false.<sup>26</sup>” He would also reinvoice for work that had been previously paid. Additionally, many of the invoices Mr. Ferguson submitted did not conform to DWSD’s standardized rates. When Inland rejected Mr. Ferguson’s invoices, he would go to DWSD officials who then pressured Inland to approve the invoices.<sup>27</sup>

Mr. Ferguson also “stole \$250,000 in state grant money that was meant to help the poor in Southeast Michigan.<sup>28</sup>” Instead of using the money for its intended purpose, Mr. Ferguson used the funds to purchase an investment property and “to install spiral staircases, marble entries, hardwood floors and stylish furniture in his presidential offices at Ferguson Enterprises.<sup>29</sup>” He then created fraudulent invoices to conceal his wrongdoing.<sup>30</sup>

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<sup>23</sup> *Id.* at pgs. 5-6.

<sup>24</sup> *Id.* at pg. 6.

<sup>25</sup> *Id.* at pg. 6.

<sup>26</sup> *Id.* at pg. 7.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at pg. 8.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at pg. 9.

### c. Intimidation of a Police Officer

Mr. Ferguson, with the support of the then mayor, “used the power and authority given to the mayor and his office to threaten and intimidate others,” including government employees.<sup>31</sup> For example, in 2002, Mr. Ferguson appeared in court to respond to violation notices he had received for illegal dumping in the City of Detroit. Mr. Ferguson brought two (2) of the then mayor’s “police bodyguards” with him to the hearing.<sup>32</sup> The Detroit Police Department (DPD) Officer, who was also in court to testify about Mr. Ferguson’s violations, was summoned to the hallway.<sup>33</sup> With the bodyguards at Mr. Ferguson’s side, he threatened the officer’s family, stating

‘Well, your family wouldn’t like the fact that all of this is going on [be]cause something could happen.’ The [DPD Officer] asked Ferguson what he meant. Ferguson explained, ‘It would be in the best interest for you to cancel these tickets.’ Fearing for his family’s safety, [the DPD Officer] told the city prosecutor he could not proceed on the tickets and they were dismissed.<sup>34</sup>

### III. Reasons for Debarment

Section 17-5-355 of the Debarment Ordinance outlines the reasons a contractor may be debarred. It states, in pertinent part, that a “contractor may be debarred, based upon a preponderance of the evidence,<sup>35</sup>” for:

- (5) Evidence of (i) the contractor or the contractor’s officers or owners, or (2) any person or entity having a direct or indirect financial or beneficial interest in the contractor or its operations; engaging in a criminal offense or civil misconduct that evidences a lack of business integrity or business honesty including but not limited to embezzlement, theft, theft of services, forgery, bribery, fraud, tax evasion, falsification or destruction of records, making false statements or receiving stolen property, or violations of law relating to the obtaining or performance of public contracts;
- (8) Failure to report unethical conduct by a public servant who has a duty to the City of Detroit;

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<sup>31</sup> *Id.* at pg. 14.

<sup>32</sup> MLive Article, Kwame Kilpatrick trial testimony: ‘I’m Bobby Ferguson; do you know who I am.’ September 25, 2012. [https://www.mlive.com/news/detroit/2012/09/kwame\\_kilpatrick\\_trial\\_testimo.html](https://www.mlive.com/news/detroit/2012/09/kwame_kilpatrick_trial_testimo.html), accessed on February 1, 2024.. See also United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 14-15.

<sup>33</sup> *Id.*

<sup>34</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Government Sentencing Memorandum As to Defendant Bobby W. Ferguson, October 3, 2013, pg. 14-15.

<sup>35</sup> Debarment Ordinance, Section 17-5-355. Grounds for Debarment.

- (9) Any other conduct that evidences the inability of the contractor to act responsibly in its conduct on behalf of the City.<sup>36</sup>

The evidence outlined in this report shows that Mr. Ferguson engaged in criminal conduct which evidenced a lack of business integrity and business honesty. Mr. Ferguson was convicted of RICO conspiracy, extortion, attempted extortion, and bribery.<sup>37</sup> His actions allowed him to enrich himself and his company at the expense of taxpayers. In total, Mr. Ferguson was ordered to pay \$6,284,000 in restitution to DWSD for his actions. It should be noted that this was the amount the prosecution was able to prove in court but Mr. Ferguson's extortion and bribery likely cost the taxpayers much more.

Mr. Ferguson also failed to report unethical conduct by a public servant who had a duty to the City of Detroit. In fact, evidence shows that Mr. Ferguson conspired with public servants, including the then mayor, along with other city officials, to act in an unethical and criminal manner. Mr. Ferguson leveraged his relationships within city government to get those in a position of power to unethically pressure contractors into working with Mr. Ferguson as well as pay him for fraudulent invoices. When contractors refused these unethical and criminal demands, Mr. Ferguson ensured that the then mayor or his officials had their contracts cancelled or delayed.

Mr. Ferguson's conduct evidences an inability to act as a responsible contractor. He engaged in an unprecedented level of corruption that had a huge impact on the City of Detroit and contractors. He manipulated the City's contracting process and extorted several local contractors which cost the City of Detroit, residents, and contractors millions of dollars. Mr. Ferguson's scheme of extorting contractors ensured that many qualified contractors had no legitimate shot at being awarded a city contract even if they were the lowest qualified bidder. His actions undermined public trust in government, including the City's ability to process contracts in a fair and equitable manner.

#### **IV. Length of Debarment**

Section 17-5-362 of the Debarment Ordinance outlines the factors to consider when determining the length of debarment. It states that the "period of 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."<sup>38</sup> However, it specifies the following exceptions which may cause a debarment to be issued for more than five years.

- (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, embezzlement, theft, forgery, bribery, falsification or

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<sup>36</sup> *Id.*

<sup>37</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Order Denying Defendant's Motion for Relief from Judgment, December 12, 2023.

<sup>38</sup> Debarment Ordinance, Section 17-5-362. Period of debarment.



destruction of records, receiving stolen property, negligent misrepresentation, price fixing, and bid-rigging, may receive the maximum period...

The OIG finds that, based on a preponderance of the evidence detailed above, Mr. Ferguson engaged in criminal conduct related to City of Detroit contracts. His actions resulted in him being convicted of criminal offenses that were incident to the application to or performance of various contracts. Specifically, Mr. Ferguson engaged in bribery, extortion, bid rigging, and racketeering. These actions demonstrate a lack of business honesty and business integrity. Therefore, the OIG finds that Mr. Ferguson shall be debarred for the maximum allowable time of 20 years.

## **V. Conclusion**

The OIG is required to ensure 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's interest, which the OIG finds in this instance. Based on a preponderance of evidence as presented in this report and supported by the entire record of information, the OIG finds that Bobby W. Ferguson is not a responsible contractor. Mr. Ferguson's actions lacked business integrity and business honesty. As such, we find it is in the public interest to debar him from working on any City of Detroit contracts for the debarment period as identified in this report.

Moreover, pursuant to Section 17-5-354(b) of the Debarment Ordinance, Mr. Ferguson is also precluded from serving as a "subcontractor or as a goods, services or materials supplier for any contract" for the City of Detroit. Further, no company he owns, is an officer for, or has a direct or indirect financial or beneficial interest in may do business with the City of Detroit as a contractor or subcontractor for the period of debarment.

Mr. Ferguson's debarment is effective March 11, 2013 with an end date of March 11, 2033 which coincides with the date he was convicted of nine (9) felonies related to City of Detroit contracts.<sup>39</sup> This date is consistent with the debarment effective date of all other contractors who either pleaded or were found guilty of a crime evidencing a lack of business honesty or business integrity.

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<sup>39</sup> United States of America v. Bobby W. Ferguson, Case No. 10-cr-20403-02, Opinion and Order Granting Defendant's Motion for Compassionate Release, April 29, 2021.