

UNITED STATES DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY

97 JAN 27 PM 5:24
To Todd Starn

Attached is the
new & revised (and
hopefully improved)

Confirmation book for
your review

Please let us
know what changes
you want.

Guthrie

released to press
[under FOIA request]

Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Washington, DC		ETA	
☐ Special	☐ Supplemental	Date of Report		Case Number	
		2-22-82		30-0578-0002	
Subject		Reviewers' Initials			
b7C ERNEST GREEN (Alleged improprieties in the awarding of ALEXIS HERMAN ETA contracts)		WE3			
		Date Reviewed			
		2-22-82			
Special Agent		Regional Office			
William E. Zleit, RSAC, KC RIO		Kansas City, MO			

1. This case was initially opened in March 1981 primarily as a result of information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, and ALEXIS HERMAN, former Director of the Women's Bureau, made contract awards without sufficient documentation to substantiate the awards prior to their leaving the DOL on January 21, 1981.

financial conflict of interest were received by OIG. This case has been given my personal attention and that of Inspector General THOMAS McBRIDE, Assistant Inspector General A.M. STATHAM, Chief of Investigations MICHAEL TREWORGY, and Special Agents.

September 1981 and the present. Reference is made to the final report of SA _____ during periods of SA _____ dated May, 1981, and to the Special reports of SA _____ dated 4-10-81, and the preliminary reports of _____ dated 4/14/81, 5/1/81, 5/19/81, 6/1/81, 7/1/81, 8/3/81, 9/1/81 (amended by report dated 10-21-81) and 10-8-81 (revised 12/3/81) in the instant case.

2. On the afternoon of 2-10-82, RSAC WILLIAM E. ZLEIT and AICI A.M. STATHAM discussed the results of the investigation with AUSA's David STANLEY and BISO of the District of Columbia USA's Office. At the conclusion of the conference, Mr. BISO and Mr. STANLEY advised they would confirm AUSA STANLEY's 2-10-82 declination to authorize prosecution of ERNEST GREEN.

Attached is a copy of a letter from AUSA STANLEY dated 2-11-82 confirming that declination.

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Also contained in the case file were some DOL ETA contract lists and contracts and ETA and SBA contractor files; computer print-out listings of contributors to the Democratic Presidential Campaign; Spring 1981 Memoranda and Reports of Interview of some DOL-ETA employees; late summer 1981 ROI's of some ETA Fed Reps;

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5. On or about October 8, 1981, supervision of the instant investigation was reassigned to SA. In mid-October SA of the LA OI was assigned to assist SA in the further development of the investigation at the National Office and former case Agent was assigned to continue working on the case. SA's New York OI Office, the Chicago OI Office, of the Atlanta OI Office, of the Dallas OI Office and of the San Francisco OI Office continued in the coverage of previously directed auxiliary leads in their respective field office areas. In late October 1981 Auditors were

~~assigned to the investigation to assist in the organization, analysis and evaluation of financial records~~

ETA and SBA contract files with a focus on financial conflict and illegal gratuity aspects of the investigation. SA was debriefed as to the precise status of development of the investigation as of October and compliance by financial institutions with previously issued Federal Grand Jury subpoenas. Factual inaccuracies noted in OIG Form 104 Reports were appropriately amended and corrected.

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8. On October 20, 1981, ERNEST GREEN and LAMOND GODWIN were among the witnesses who appeared and testified at the U.S. Senate Labor and Human Resources Committee Hearing. Each submitted and read from prepared remarks before answering questions by Senators ORRIN G. HATCH, EDWARD M. KENNEDY and DON QUAYLE. Their testimony was generally to the effect that for the most part, contracts and grants with which they and the Office of National Program (ONP) of the Employment and Training Office (ETA) had contact in late 1980 and January 1981 had been "in the pipeline" for some time and had been approved by and processed through the DOL Steering Committee and that, with few exceptions, rather than issuing numerous last minute contracts, what in fact occurred in last weeks of their employment with DOL just prior to the January 1981 inauguration was the routine telegram and letter approval or confirmation of the previously received and processed contracts and grants. Mr. GREEN indicated that although he had the authority to award grants and contracts they were usually and appropriately awarded and approved by the Director of the Office of National Programs (ONP), LAMOND GODWIN or an authorized subordinate and that GREEN's involvement was limited for the most part to a routine review of pending contracts and grants as a member of the DOL Contract Steering Committee which had been formed earlier at the direction of former Secretary of Labor MARSHALL. Neither Mr. GREEN or Mr. GODWIN acknowledged any administrative impropriety nor criminal misconduct. Transcripts of the witnesses testimony before the Committee on 10-20-81 have just recently been obtained by OIG. In late October 1981, Senate investigators advised RSAC ZLEIT that they had developed no real evidence of criminal misconduct on the part of GREEN or GODWIN, had concluded their investigation and review of the matter, and had no substantive information to provide OIG RSAC ZLEIT.

9. As a result of the Senate, GAO, OIG-Audit and their own internal review of CETA funding and contract evaluation and monitoring procedures initiated in the Spring of 1981, ETA prepared and by Directive dated 12-23-81 actually put into effect, new contract review, evaluation and monitoring procedures. (See the attached capsule summary reported in the 1-7-82 Dailey Labor Report.) In view of the recent program attention given ETA's issuance of sole source contracts and contracting procedures by the above mentioned agencies and assistant Secretary Angrisani's December 23, 1981 Directives and Procedures implementing GAO-Senate-OIG recommendations, an OI Investigative Memorandum containing recommendations to correct program weakness is considered unnecessary.

10. In October 1981 the focus of the investigation was shifted from contract procedure intelligence background gathering and the assimilation of information concerning the recent civilian business activity of former DOL employees ERNEST GREEN/ALEXIS HERMAN (GREEN HERMAN and ASSOCIATES) and redirected

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11. In October and early November 1981, numerous present and former employees of the US DOL, primarily in Washington, DC, most of whom were not previously contacted, were interviewed.

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Bankers and others were interviewed. Voluminous ETA and SBA contract and related files were closely reviewed for any indication that GREEN, — or HERMAN, their spouses, minor children, partners or organizations may have issued or been issued a contract or were otherwise involved in a personal financial conflict of interest in violation of 18 U.S.C. 208 or related violations. Witness folders and other folders were organized, prepared and labeled.

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12. Attorney who represented ERNEST GREEN and ALEXIS HERMAN, who had submitted to a limited interview on August 18, 1981 at the USA's office.

13. In October and November 1981 in response to requests from National Office OIG Audit personnel and Auditors on detail to the National Office the names of several CPA and consulting firm contractors were recommended to be considered for the appropriate OIG or OIG sponsored audit to include MEL HARRIS, GARRETT SULLIVAN CONSORTIUM (inclusive of MITCHELL TITUS), ONE AMERICA and others.

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14. On 2-8-82 OI Chief of Investigations STEVE THOMAS, OI ETA Desk Director and SA ZLEIT reviewed the file folder containing numerous miscellaneous allegations of criminal and administrative misconduct which had been assigned to SA for administrative and investigative handling in October 1981. It was determined many had been fully handled in the course of the recent investigation or were without merit on their face. On 2-11-82, OI LMSA prepared and appropriately forwarded Special Reports to Regional OI offices, National Office audit and the SBA IG setting forth the available details concerning allegations of collateral matters of possible interest to those offices for their case opening and investigative consideration.

16. On 2-11-82 OIG OLAP personnel were briefed as to the OI pre-Senate Hearing investigative activity regarding MEL HARRIS and Associates in the summer and early fall of 1981, and advised as were OIG auditors earlier, that the MEL HARRIS contract files and OI reports of interview regarding MEL HARRIS continue to be available for review by the audit staff supervising the MEL HARRIS audit requested by Senator HATCH. Additionally, the xeroxed ETA/SBA contract and procedure files and contract review and analyzation charts regarding other DOL and SBA 8a contractors assembled by OI investigators remain available for the review and assistance of OIG auditors.

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17. On 2-12-82, Commercial Litigation Branch Civil Division, U.S. Dept. of Justice, Washington, DC was briefed telephonically by RSAC ZLEIT as to the facts of the investigation and the declination of the criminal aspects of the case by the DC USA's Office.

18. On 2-16-82, AUSA STANLEY advised he had recently telephoned Attorney who represents ERNEST GREEN, and told him prosecution had been declined as to GREEN.

19. At the appropriate point in the future, ERNEST GREEN's original 1979, 1980, and 1981 Financial Disclosure Reports will be returned to the Government Ethics Office in WDC. LAMOND GODWIN's original 1979-1981 Financial Disclosure Reports are being returned to the DOL OASAM Office at 200 Constitution from which they were obtained by SA in October 1981.

William E. Zleit
Regional Special Agent-

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Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☒ Final	Washington, DC		ETA	
☐ Special	☐ Supplemental	Date of Report		Case Number	
		5-7-81		OI-0524-0001	
Subject		Reviewers' Initials			
Ernest Green, Former Assistant Secretary, Employment & Training Admin; Alleged impropriety in the awarding of ETA discretionary funds.		Date Reviewed			
Special Agent		Regional Office			
b7c		Headquarters			

1. Investigation was initiated upon information supplied by officials of the Employment and Training Administration that Mr. Green.

and Alexis Herman, former Director of the Women's Bureau were alleged to have made contract awards of ETAs funds during the final days of the Carter Administration without having sufficient documentation to substantiate such awards. This case has been given my personal attention with assistance from Special Agent : _____ of the Arlington Field Office at Washington, D.C. during the period March 23, through April 14, 1981.

2. The scope of this investigation has been to secure additional information relative to allegations concerning ETA contracting during Mr. Green's tenure as Assistant Secretary, identify potentially suspect contracts requiring additional investigative follow-up by the appropriate field offices, and to gather information on the ETA contracting procedure to provide Field Offices with an understanding of the contracting process.
3. Interviews of several witnesses both within ETA and those familiar with ETA operations through oversight responsibility e.g. Congressional employees, developed additional information beyond the initial allegations which indicated a potential for fraud, waste and abuse in connection with the awarding of ETA contracts. Specific allegations focused on such areas as favoritism in the awarding of contracts by Mr. Green to his former employer, RTP, Inc. and others:

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responsive b7c.
4. Employment and financial disclosure records of all prior top level DOL officials named by witnesses as having been associated in some fashion with the awarding of ETA contracts, were examined. Such records confirmed relationships prior to employment by the Department between Ray Marshall and Marshall and Chuck Knapp, Ernie Green and Alexis Herman. The financial records failed to disclose any discernable conflict of interests or significant income beyond Department salaries.
5. This investigation was primarily concerned with CETA Title III contracts let by the Office of National Programs and CETA Title IV contracts let by the Office of Youth Programs. Normal procurement practices call for the program office to develop a contract package and procure the contract. ETA's contracting office then administers the contract to insure that the contracting terms are met.
6. The majority of such contracts are let by sole source procurement and are not competitively bid. This is possible due to an exception from sole source procurement known as "Demonstrated Effectiveness". Under this exception contractors of proven ability need not re-bid on subsequent contracts. A complete description of the contracting process and the circumstances surrounding areas of interest to this investigation is contained in interviews of
Mr. Goldberg.
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7. This investigation has disclosed numerous questionable activities concerning ETA contracting. I recommend that copies of this report be provided to all Regional Special Agents-In-Charge for their consideration as to initiation of cases on subjects in their areas of jurisdiction with the Philadelphia Region being given responsibility to actively pursue the allegations pertaining to Mr. Green and other former ETA officials. I further recommend that those offices give consideration to all other allegations contained in this report and its attachments to avoid overlooking any potential areas of fraud, waste and abuse.

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Assistant Director
ETA Branch Investigations

1. Contractor: N/A
2. Case File: ERNEST GREEN et al
(Headquarters & Philadelphia)
(OI-0524-0001 & 30-0578-0002)
3. Allegation: Green, Herman and Associates entered into a sub-contract with Mel Harris and Associates.
4. Source: ROSA 5/19/81
5. Summary of Investigation to Date: Harris has a sub-contract with Green, Herman and Associates dealing with the closeout of a Mobile, Ala. grant. None of the principals appear to have been involved with the letting of the Harris Prime Contract since it came from the local prime sponsor.
6. Proposed Action: Chicago RIO is doing additional work on Harris in this area. Results will be made available to Atlanta RIO for follow-up in Mobile to determine if collusion existed between the Prime and Green, Herman and Associates in awarding the Harris contract.

Type of Report ☐ Preliminary ☒ Special	☐ Final ☐ Supplemental	City/State of Investigation Washington, D. C.	DOL Program ETA
Subject b7c ERNEST GREEN (Alleged conflict of interest in awarding ALEXIS HEFMAN ETA contracts)		Date of Report 5/19/81	Case Number 30-0578-0002
Special Agent b7c		Reviewers' Initials DEJ	JPC
		Date Reviewed 5/20/81	6-581
		Regional Office Arlington Field Office, Philadelphia Region	

1 This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA;

and ALEXIS HEFMAN, former director of the Women's Bureau.

It is alleged that preferential treatment was extended to certain contractors by GREEN, and/or HEFMAN in exchange for political and/or financial considerations. by _____ from _____ to _____.

2 It has been determined that GREEN and HEFMAN have complete ownership of a consulting firm in Washington, D. C. GREEN, HEFMAN and ASSOCIATES INC. was authorized to conduct business as a corporation in the District of Columbia on January 11, 1981.

3 The records indicate that GREEN, HEFMAN and ASSOCIATES INC. entered into a subcontracting arrangement with MEL HARRIS & ASSOCIATES INC., 3226 Nevada Avenue North, Crystal Minnesota 55427 (Tel: 612-537-0625). Attachment I is a photocopy of a letter dated April 3, 1981 reflecting the subcontracting agreement.

4 It is requested that a Special Agent contact MEL HARRIS and secure photocopies of all documentation relative to this subcontract. The secured documents should include but not be limited to all contracts, subcontracts and any other formal agreement entered into with GREEN, HEFMAN and ASSOCIATES; a description of work to be performed; the names of individuals to perform the work; billing invoices; the front and back of the cancelled checks or other negotiable instruments that constituted payment etc.

5 The Special Agent should also interview MEL HARRIS relative to his relationship with GREEN and HEFMAN. Attachment II is a suggested format to be used in interviewing HARRIS.

6 Thank you for your assistance in the matter. If further assistance is needed, please contact Special Agent _____ FTS 235-2420.

Special Agent b7c

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GREEN-HERMAN & ASSOCIATES, INC.

1825 Connecticut Avenue, N.W.

Suite 308

Washington, D.C. 20009

Telephone: (202) 797-7206

April 3, 1981

Mel Harris
Mel Harris & Associates, Inc.
3226 Nevada Avenue North
Crystal, Minnesota 55427

Dear Mel:

This document serves as a formal letter of agreement between Mel Harris & Associates, Inc., and Green-Herman & Associates, Inc. Green-Herman & Associates will enter into a subcontracting arrangement with Mel Harris & Associates to assist with the transitioning of 700 EOFP Public Service Employment (PSE) participants and the administrative and close-out technical assistance for the Mobile County Consortium.

Specifically, Green-Herman & Associates, Inc., agrees to provide the following services in its subcontracting relationship:

In the transition phase Green-Herman & Associates, Inc., will:

- (1) Assist EOFP in implementing necessary procedures to accommodate smooth transitioning of participants;
- (2) Coordinate an advertising campaign directed to the general public and potential employers;
- (3) Assist EOFP in developing a feedback mechanism of participant information from the various sites and support staff;
- (4) Assist in convening a meeting of the PIC, ES, other employment and training programs such as WIN, Job Corps, Title III projects, business and labor groups to write the local re-employment plan;
- (5) Assist with documenting the termination of PSE participants.

In the administrative and close-out technical assistance phase Green-Herman & Associates, Inc., will:

- (1) Assist in the close-out of the administrative structure and staff;
- (2) Conduct an evaluation of the Mobile project;
- (3) Submit a written evaluation report.

Green-Herman & Associates, Inc., understands that the time framework for the prime and subcontracts is April 2, 1981-September 30, 1981. Green-Herman & Associates, Inc., will accomplish all of the listed tasks during this time period. Green-Herman & Associates, Inc., will require 2,380 hours of staff and consultant time at a total fixed personnel cost of \$63,070. The evaluation and report will be a fixed cost of \$11,930. Thus, the total fixed cost of Green-Herman & Associates, Inc., subcontract with Mel Harris & Associates, Inc., is \$75,000.

Green-Herman & Associates, Inc., will require one-third (\$25,000) of the \$75,000 subcontract in a single advance payment, due upon signing of this agreement. The remainder of the fixed cost contract (\$50,000) will be invoiced in accordance with the billing process of the prime contractor over the life of the contract.

Green-Herman & Associates, Inc., is pleased to enter into this subcontracting agreement with Mel Harris & Associates, Inc., effective this date.


ALEXIS HERMAN
Green-Herman & Associates, Inc.
April 6, 1981


MEL HARRIS
Mel Harris & Associates, Inc.
April 6, 1981

June 8, 1981

Date of Interview

On this date I interviewed
dealings with ERNEST GREEN,
stated the following:

office relative to
and ALEXIS HERMAN, *b7c*

NEGRO WOMEN (NCNW)

the NATIONAL COUNCIL OF

stated that he was
operating a store front in Brooklyn to train blacks and get apprenticeship
in unions. The operation was called the WORKERS DEFENST LEAGUE.
stated that GREEN, HERMAN & ASSOCIATES were paid \$2,000.00
by NCNW to instruct the NCNW staff. *stated that* NCNW never paid
GREEN or HERMAN anything wither personally or in a corporate capacity
with the exception of the stated \$2,000.00. *stated that* GREEN and
HERMAN were not reimbursed for expenses while instructing the NCNW
staff and that athe instruction was strictly internal and did not relate
to any contract.

stated that does not know if GREEN, HERMAN;
were involved with any other business while employed at DOL nor if either
of them had other sources of income. *b6
b7c*

By *b7c* Special Agent

At Washington, D. C.

Date Dictated 6/8/81

Date Transcribed 6/10/81

File No. 30-0578-0002

stated that the newspaper article was very upsetting to and felt that the article was a racial attack. stated that the situation would not have gotten as much attention if white programs were involved. stated that the article gave the impression that the awarded contracts were "last minute handouts" when in fact the contracts awarded to NCNW began negotiations in September 1980 and earlier. stated that completed an analysis of all contracts awarded to NCNW by DOL and that would mail me a copy of it.

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NOT
RESPOND

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NATIONAL COUNCIL OF NEGRO WOMEN, INC.

FIELD OFFICE:

815 Second Avenue-Ninth Floor, New York, New York 10017

TELEPHONE: 212/687-5870

June 12, 1981

U.S. DEPT.
OF LABOR
JUN 23 10 51 PM '81
OFFICE OF
INSPECTOR GENERAL
FRAUD DIVISION
ARLINGTON, VA.

Special Agent
Office of Inspector General
U.S. Department of Labor
Arlington Field Office
4040 N. Fairfax Drive - Suite 1002
Arlington, Virginia 22203

(b)(1)(6)

Dear _____

(b)(1)(6)

As promised I am sending to you the enclosed descriptions of the contract history of the programs with which the National Council of Negro Women is involved with the Department of Labor. You will note that even these brief descriptions reflect the fact that every item under consideration for us in January had a long, long period of work and preparation.

Cordially,

Dorothy I. Height
National President

DIH/lrs

NATIONAL HEADQUARTERS: 1819 "H" Street, N.W.—Suite 900, Washington, D.C. 20006

FOUNDER: Mary McLeod Bethune

PRESIDENT: Dorothy I. Height

AFFILIATED WITH: National Council of Women of the United States

International Council of Women/National Assembly for Social Policy & Development

Contributions are deductible for income tax purposes

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Acting Director, Office of Welfare Reform
601 D Street N.W.
Room 3402
Washington, D.C. 20213

5. REQUIREMENT (Identify the procurement action by specific program and project title.) SOLE SOURCE JUSTIFICATION MUST BE APPROVED AND ATTACHED. (See Secretary's Order No. 24-74)

A. TYPE OF ACTION

 New Procurement☐ Modification to Contract/Grant

No.

A. TYPE OF ACTION

b. NAME OF PROGRAM OFFICIAL TO BE CONTACTED AND
TELEPHONE NUMBER

GLORIA TWYMAN
376-3348

ISABEL DANLEY
376-3352

C. NAME OF CONTRACTOR/GRANTEE

Mel Harris & Associates, and Medlock, Inc.

**d. NUMBER OF
ENROLLMENT OP-
PORTUNITIES**

e. INDICATE ACTION OFFICE.**National Office**

REGION

Welfare Reform

1. DESCRIPTION OF PROJECT

In an attempt to assist prime sponsors and others in perceiving the range of options available under the Welfare Reform Demonstration Program and in response to prime sponsor's needs and their request for additional technical assistance in certain areas, it is desirable that technical assistance guides be developed.

These guides will be the first of a series of publications on the various functions and aspects of the EOP Program that will present strategies, models and techniques which may be employed by prime sponsors. The first series will consist of documents covering the following topics: 1) monitoring guide, 2) staff training, 3) linkages, 4) job search period, 5) job club, 6) job development, 7) employment and training, 8) voucher system, 9) job creation, and 10) supportive services.

Two minority owned firms have been selected to accomplish these tasks (see attachment for further information).

6. ENTER DOLLAR AMOUNTS

Total dollar estimate deemed necessary

\$ ~~360,000~~ -- 150,000

7. TYPE NAME AND SIGNATURE (Initiating Program Official)
CLAYTON J. COTTRELL
ACTING DIRECTOR, WELFARE REFORM

8. TYPE NAME AND SIGNATURE (Program Administrator)
JODIE T. ALLEN

9. PROGRAM ACTIVITY (Specify)

WELFARE REFORM PROGRAM

10. FUNDING SOURCE (Program requirement by Act, Title, Section)
FY'1980 Welfare Reform Demo Projects
Title III

11. IS PROGRAM/PROJECT INCLUDED IN ASSISTANT SECRETARY FOR EMPLOYMENT & TRAINING APPROVED PROJECT PLAN?
☐ YES ☐ NO IF "YES", ENTER PROJECT AMOUNT. \$ 670,000

ONF PROCUREMENT ACTION REQUEST
CONTROL UNIT USE ONLY ➤ ➤

FISCAL YEAR OF FUNDS

1074-U-(OP)-

2111

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515

DOLLARS CURRENTLY AVAILABLE IN
PROGRAM ACCOUNT

FINAL PROGRAM APPROVAL AND COMMITMENT OF FUNDS

12. ON BEHALF OF ASSISTANT SECRETARY FOR EMPLOYMENT & TRAINING (Director, ONP's signature)
ERNEST G. GREEN

DATE (Mo. Day Yr.)
DEC 21 1979

(Formerly MA 3-81).

ETA 3-81
Mar. 1976

1. OFFICE INITIATING PROCUREMENT			
Office of Comprehensive Employment Development/Reform		Office of Welfare	
2. RESPONSIBLE OFFICIALS:			
a. PROGRAM (Name) Robert Anderson	ROOM NUMBER 3402	BUILDING P.H.	TELEPHONE 376-6254
b. CONTRACT (Name) Clayton J. Cottrell Green	(Pamela A. Green) ROOM NUMBER 3402	BUILDING P.H.	TELEPHONE 376-3348
3. DESCRIPTION OF PROPOSED PROCUREMENT (Use additional sheets if necessary):			
See Attachment I.			
4. ESTIMATED COSTS		5. PROPOSED PERIOD OF PERFORMANCE:	
\$ 150,000		From Jan. 1 1980 to Sept. 30 1980	
6. TYPE OF AGREEMENT CONTEMPLATED:			
☒ Cost-reimbursement Contract ☐ Grant			
☐ Cost + fixed-fee Contract ☐ Other (Specify)			
☐ Fixed-price Contract			
7. PROPOSED SOLE SOURCE CONTRACTOR /GRANTEE		TYPE OF ORGANIZATION	
NAME Mel Harris & Associates, Inc.		ADDRESS 89 South Tenth Street, Suite 215 Minneapolis, Minnesota 55402	
8. If the request for sole source approval is based on an existing proposal, was proposal solicited? ☐ YES ☐ NO			
9. If solicited, by what means?			
See Attachment I			
10. If unsolicited, were any actions taken to influence its submission? Explain.			
11. The primary reason(s) that it is impracticable to secure competition is (are):			
[List reason(s) with full explanation of each on separate sheet of paper. Include detailed information in the following categories, including biographies of key staff, as appropriate: a. Specialized experience essential to the procurement; b. Exceptional knowledge in a particular field; specialized skills or technical competence essential to the procurement; c. Facilities, equipment, or location essential to procurement; d. Other (Explain).]			
12. Was consideration given to other sources for provision of supplies or services being procured? ☐ YES ☒ NO			
[If "Yes," give names and addresses of other sources. If any of the sources were contacted, give dates and methods of contact and reasons that decision was made not to consider soliciting proposals to ensure competition. If "No," explain. Use additional sheets.]			
See Attachment I			
13. Does proposed contractor or grantee have other contracts or grants with the Department of Labor? ☐ YES ☒ NO			
If "Yes," complete the following, using additional sheets, if needed:			
TITLE OF PROJECT		PROCURING OFFICE	
Welfare Reform Pilot Program Books		Office of Welfare Reform	
CONTRACT/GRANT NUMBER		PERIOD OF PERFORMANCE	
		From Jan. 1, 1980	
ACCOMPLISHED BY: ☐ Sole Source Procurement ☐ Competition			
I believe that it is in the best interests of the Government to accomplish the proposed procurement without competition. Therefore, I request approval of the proposed sole source procurement.			
SIGNATURE RESPONSIBLE PROGRAM OFFICER CLAYTON J. COTTRELL, OWR		SIGNATURE ROBERT ANDERSON, OCED	

U.S. DEPARTMENT OF LABOR
EMPLOYMENT AND TRAINING ADMINISTRATION
WASHINGTON, D.C. 20213



MEMORANDUM FOR:

ERNEST G. GREEN
CHARLES B. KNAPP

FROM:

ROBERT ANDERSON, OCED
CLAYTON J. COTTRELL, OWR

SUBJECT:

Office of Welfare Reform
Clearance Request for:



Sole Source
Approval



SBA 8(a) Contract



RFP

This is to request clearance for funding of activity in the
area of Research ☐ E&D ☒ Evaluation ☐ LMI ☐
MIS ☐ Other ☐

Project Title:

Welfare Reform Pilot Program Books

Organization:

Mel Harris and Associates, Inc.

Original Amount to Project:

\$150,000

Amount of Amendments to Date:

Amount of this Action:

\$150,000

TOTAL

\$150,000

This project is ☒ is not ☐ in the FY 1980 ASPER Plan.

Funds for this project are available from source(s) as marked
below:

Welfare Reform - FY 80 PROGRAM FUNDS

WIN

Program Activity ☒ Evaluation ☐

R&D



LMI ☐

MIS



Evaluation



OWR

REVIEW NUMBER

[To be completed by reviewing official]

I recommend: ☐ Approval ☐ Disapproval ☐ Abstain

REMARKS:

SIGNATURE REVIEWING OFFICIAL

Charles B. Knapp

APPLICABLE FOR SOLE SOURCE PROCUREMENT REQUESTS OF \$25000 or MORE

[To be completed by Chairman of Review Board]

The members of the Sole Source Review Board have voted as follows:

☐ Approval ☐ Disapproval ☐ Abstain

REMARKS:

Therefore, I recommend that this request for sole source procurement be

SIGNATURE CHAIRMAN

DATE

I ☐ concur ☐ do not concur with the recommendations of the Sole Source Review Board. Therefore, the request for approval of sole source procurement is ☐ approved, ☐ disapproved. Where disapproved, a request for a further review may be made if additional substantive information becomes available:

ASSISTANT SECRETARY FOR
ADMINISTRATION AND MANAGEMENT

DATE

MEL HARRIS & ASSOCIATES, INC.
MANAGEMENT CONSULTANTS

December 11, 1979

Ms. Pam Green
Office of Welfare Reform
Employment and Training Administration
601 D Street Northwest
Washington, D. C. 20213

Dear Ms. Green:

Based on our recent conversation relative to Mel Harris and Associates, Inc. developing technical assistance and training guides for the Office of Welfare Reform, I have drafted a brief proposal for your review.

The proposal is for discussion purposes only and therefore invites your comments and in-put.

After you have had the opportunity of review, within the next few days I will be contacting you to follow up in this regard. I am also setting aside a couple of days during the week of December 17, 1979 for a visitation in your office for detailed discussions. In the meantime, if you desire further material or information, please contact me at (612) 332-1779 or (612) 332-0937.

Sincerely,


Melvin J. Harris
President

Attachment

cc(w/att): Clay Cottrell, Director

*CC: Harris also sent a copy
to Pam.
TR #93
DEC 17 1979*

1. CONTRACT (Proc. Inst. Ident.) NO. 99-0-2476-81-3	2. EFFECTIVE DATE 1/2/80	3. REQUISITION/PURCHASE REQUEST/PROJECT NO.	4. CERTIFIED FOR NATIONAL DEFENSE UNDER DOSA REG. 2 AND/OR DMS REG. 1. RATING:
5. ISSUED BY U. S. Department of Labor/ETA/Office of National Programs/Division of Contracting Services, 601 D Street, N. W., Room 6328 Washington, D. C. 20213 BHernandez	6. ADMINISTERED BY (If other than block 5) Office of Welfare Reform 601 D Street, N. W., Room 3402 Washington, D. C. 20213	7. DELIVERY FOR DESTINATION ☒ NATION ☐ OTHER (See below)	

8. CONTRACTOR NAME AND ADDRESS Mel Harris & Associates, Inc. 89 South Tenth Street, Suite 215 Minneapolis, Minnesota 55402 (Street, city, county, State, and ZIP code)	9. DISCOUNT FOR PROMPT PAYMENT N/A	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO ADDRESS SHOWN IN BLOCK 6
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11. SHIP TO/MARK FOR See Block 6	12. PAYMENT WILL BE MADE BY U. S. Department of Labor Branch of Contract Payment 601 D Street, N. W., Room 4122 Washington, D. C. 20213
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13. THIS PROCUREMENT WAS ☐ ADVERTISED, ☒ NEGOTIATED, PURSUANT TO: ☐ 10 U.S.C. 2304 (a)(1) ☒ 41 U.S.C. 252 (a)(1)

14. ACCOUNTING AND APPROPRIATION DATA

CPFF

15. ITEM NO.	16. SUPPLIES/SERVICES	17. QUANTITY	18. UNIT	19. UNIT PRICE	20. AMOUNT
	The Contractor shall provide the necessary staff to accomplish the work outlined in the Schedule attached hereto. Period of Performance: January 2, 1980 thru March 31, 1980. DUNS Contractor Establishment No. 99 100 7519 Contractor's Principal Place of Performance under this contract				

21. ESTIMATED TOTAL AMOUNT OF CONTRACT \$ 57,806.00

CONTRACTING OFFICER WILL COMPLETE BLOCK 22 OR 26 AS APPLICABLE

22. ☒ CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 3 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	26. ☐ AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.		
23. NAME OF CONTRACTOR Mel Harris & Associates (Signature of person authorized to sign)	27. UNITED STATES OF AMERICA BY [Signature] (Signature of Contracting Officer)		
24. NAME AND TITLE OF SIGNER (Type or print) Melvin J. Harris President	25. DATE SIGNED 3/1/80	28. NAME OF CONTRACTING OFFICER (Type or print) S. A. V. H. S. K. Y. CONTRACTING OFFICER	29. DATE SIGNED MAR 17 1980

CLAUSE 1 STATEMENT OF WORK (cont'd)

2. Communication Skills

- a. Intent
- b. Scope
- c. Benefits / Results

3. Personal Appearance

- a. Intent
- b. Scope
- c. Benefits / Results

4. Motivational Skills

- a. Intent
- b. Scope
- c. Benefits / Results

5. Job Seeking Skills

a. Content

- 1) Intent
- 2) Scope
- 3) Benefits / Results

b. Alternatives / Resources

- 1) Friends
- 2) Family
- 3) Previous Employers
- 4) Previous Associates
- 5) Job Club Peers
- 6) Previous Classmates
- 7) Current Classmates
- 8) Organizational Acquaintances

c. Methods

- 1) Letters of Inquiry
- 2) Resume Preparation
- 3) Telephone Contacts (Potential Saturation)
- 4) Door Knocking / Cold Calling
- 5) Responding to Advertisements
- 6) Job Bank
- 7) Postings

6. Interviewing Skills

- a. Intent
- b. Scope
- c. Benefits / Results

PART II - THE SCHEDULE

SECTION E - STATEMENT OF WORK/REPORTS/DELIVERABLE ITEMS

CLAUSE 1 STATEMENT OF WORK -

JOB CLUB GUIDE

Mel Harris and Associates, Inc. will develop, design, prepare and submit a Guide to the "JOB CLUB" concept for Employment Opportunities Pilot Program Prime Sponsors.

The purpose of this guide will be to provide the necessary principles and theory of the Job Club approach which may be utilized by the EOPP Prime Sponsors in designing or refining Job Club service delivery.

The final product, one-hundred copies of the Job Club Guide will be submitted to the Office of Welfare Reform by March 31, 1980.

The content of this guide will address those areas detailed in the following outline.

OUTLINE

I. INTRODUCTION

- A. Purpose
- B. Objectives
- C. Concept / Intent
- D. Results / Benefits

II. APPROACH

A. Orientation

- 1. Participant Responsibilities
- 2. Agency Responsibilities

B. Job Club Setting

- 1. Structure Characteristics
- 2. Alternative Environments

C. Activities

- 1. Team System
 - a. Intent
 - b. Scope
 - c. Benefits / Results

CLAUSE 1 STATEMENT OF WORK (cont'd)

- 7. Job Referral
- 8. Scheduling
 - a. Inquiries
 - b. Supportive Services
 - c. Transportation
 - d. Interviews
 - e. Follow-Up Contacts
- D. Reporting
- E. Success Evaluation
- F. Employability Development Plan (EDP) Modification
(Referral, as appropriate)
 - 1. Employability Re-Assessment
 - 2. Supportive Services Re-Assessment
- G. Follow-Up
- H. Job Club Forms

USE 1 STATEMENT OF WORK (cont'd)

EOPP STAFF TRAINING GUIDE

Mel Harris and Associates, Inc. will develop, design, prepare and submit a Guide for Staff Development and Training for Employment Opportunities Pilot Program Prime Sponsors.

The purpose of this guide will be to provide an effective instrument for EOPP administrative utilization in the contemplation, preparation and presentation of EOPP staff development and training.

The final product, one hundred copies of the Training Guide, will be submitted to the Office of Welfare Reform by March 31, 1980.

The content of this guide will address those areas detailed in the following outline.

OUTLINE

I. INTRODUCTION TO THE TRAINING GUIDE

- A. Content
- B. Instructions for Use
- C. Index

II. TRAINING PREFACE

- A. Purpose of Training
- B. Objectives of Training
- C. Results of Training

III. TRAINING APPROACH

A. Local Prime Sponsor EOPP Schematic (Develop / Refine)

- 1. Participant Flow
- 2. Forms Flow
- 3. Staff Functions
- 4. Supervisory Responsibility
- 5. Benefit Flow / Dollar Flow
- 6. Time Chart

B. Local-Prime Sponsor's Unique Implementation (Define / Clarify)

- 1. Staffing Pattern
 - a. Decision Making Process

CLAUSE 1 STATEMENT OF WORK (Cont'd)

- b. Organizational Chart
 - c. Job Descriptions
 - d. Areas of Responsibility
- 2. Forms Utilization (Define and Clarify)
 - a. Forms Utilized
 - b. Forms Requirements / Purpose
 - c. Forms Instructions
- 3. Participating Agencies (Define and Clarify)
 - a. Background
 - b. Level of Participation
 - 1) Purpose
 - 2) Intent
 - 3) Benefits
 - c. Parent Agency Responsibility
 - d. Inter- Intra-Agency Activity
 - e. Inter-agency Agreements

IV. TRAINING SCOPE (Procedural / Operational)

- A. EOPP Background / Intent
 - 1. Evolution
 - 2. Make-Up
 - 3. Funding Flow
 - 4. Participating Agencies
- B. Team Teaching / Group Learning
- C. Schematic (Refine / Define)
(See Section III, A.)
 - 1. Component (Activity) Introduction
 - a. Purpose
 - b. Description
 - c. Benefits
 - d. Results
 - e. Intra-agency Linkages
 - 2. Staff Function
 - a. Decision Making Process
 - b. Organizational Chart
 - c. Job Descriptions
 - d. Areas of Responsibility

3. Supervisory Responsibility
4. Forms Utilization / Reporting
 - a. Forms Utilized
 - b. Forms Requirements / Purpose
 - c. Forms Instructions
5. Benefit Flow
6. Time Involvement
- D. Client Characteristics
- E. Demonstration / Experiential Application of Staff Functions
- F. Issues and Answers
 1. EOPP Grievance Procedures
 2. Adjudication Process
 3. Policy Statements
 4. Planning / Evaluation Process
 5. Pilot Project / Research
 6. Community Benefit
 7. Public Relations Policies
 8. Additional Training Needs
- V. TRAINING SCOPE (IN-SERVICE)
 - A. Needs Determination
 1. Needs Assessment
 2. Needs Identification
 3. Prioritization of Needs
 - B. Alternative In-Service Training
 1. Management Techniques
 2. Interviewing Theory / Technique
 3. Counseling Theory / Technique
 4. Communications Skills

GUIDE TO LINKAGES

Mel Harris and Associates, Inc. will develop, design, prepare and submit a guide to effective and alternative linkages amongst the Employment Opportunities Pilot Program and related programs and agencies.

The purpose of the guide is to provide EOPP Prime Sponsors with the theories and techniques of alternative inter- intra-agency planning and programming.

The final product, one-hundred copies of the Guide to Linkages, will be submitted to the Office of Welfare Reform by March 31, 1980.

The content of this guide will address those areas detailed in the following outline.

OUTLINE

I. INTRODUCTION

- A. Intent
- B. Concept
- C. Results / Benefits

II. COMMONALITY OF COMMUNITY RESOURCES / AGENCIES

- A. Agency Services Delivery
- B. Client Characteristics
- C. Funding Source / Level
- D. Guidelines
- E. Service Providers
- F. Theory / Approach
- G. Background
- H. Expertise

III. NEEDS IDENTIFICATION

- A. Identify Service Gaps
- B. Identify Geographical Areas / Gaps
- C. Identify Funding Limitations
- D. Identify Linkage Interest
- E. Identify Political Support
- F. Identify Benefits to Client
- G. Identify Benefits to Staff
- H. Identify Benefits to Agencies
- I. Identify Economic Benefits

IV. LINKAGE ALTERNATIVE

- A. Financial Agreement
- B. Non-Financial Agreement
- C. Service Agreement
- D. Staff Diversion Agreement
- E. "NO" Agreement

V. WHEN TO LINK

VI. WHEN "NOT" TO LINK

VII. AGREEMENTS (SAMPLES).

- A. Preparation
- B. Negotiation
- C. Committments
- D. Termination

JOB SEARCH GUIDE

Mel Harris and Associates, Inc. will develop, design, prepare and submit a Guide to the Employment Opportunities Pilot Program Job Search Activity for EOPP Prime Sponsors.

The purpose of this guide will be to provide a practical instrument, containing Job Search theory and application for utilization of EOPP Prime Sponsor delivery.

The final product, one-hundred copies of the Job Search Guide, will be submitted to the Office of Welfare Reform by March 31, 1980.

The content of this guide will address those areas detailed in the following outline.

OUTLINE

- I. INTRODUCTION / BACKGROUND
- II. ENTRY INTO THE JOB SEARCH PERIOD
- III. ESTABLISHING THE BASIS FOR INITIAL ASSESSMENT
- IV. INITIAL ASSESSMENT
 - A. The Job Search Plan
 - B. Supportive Services Needs Assessment
 - C. Initial Counseling and Testing
 - D. Referral
 - 1. Group Job Search
 - 2. Individual Job Search
 - 3. Remedial Services
 - E. Termination Procedures
 - F. Data Privacy
- V. ACTIVE JOB SEARCH PERIOD
 - A. Orientation to Job Search
 - B. Orientation to "The World of Work"
 - C. Supportive Services Delivery
 - D. Labor Market Information
 - E. Job Bank / Job Matching
 - F. Job Seeking Skills
 - G. Motivational Support
 - H. Job Referral
 - I. Individual and Group Activities
 - J. Termination
 - K. Placement Into Unsubsidized Employment

VI. ASSESSMENT FOR EMPLOYMENT AND TRAINING

- A. Employability Development Plan**
 - 1. Content
 - 2. Utilization
- B. Counseling and Testing**
- C. Referral (Subsidized Employment / Training)**
 - 1. OJT (On-The-Job Training)
 - 2. PSE (Public Service Employment)
 - 3. Training
 - 4. Release Time for Job Search Activities
- D. Supportive Services Delivery**
- E. Placement Into Unsubsidized Employment**
- F. Termination**

VII. SUBSIDIZED JOB - PSE 52 WEEK LIMITATION, RETURN TO JOB SEARCH

*

72 Week Limitation, pending legislation.

U.S. Department of Labor

Employment and Training Administration
601 D Street, N.W.
Washington, D.C. 20213



July 29, 1980

Contract No: 99-0-2476-81-3

Expiration Date: March 31, 1980

(b)(4)
(b)(7)(C)
Mel Harris & Associates, Inc.
10 South 5th Street - Suite 1060
Minneapolis, Minnesota 55401

Dear _____

Your cost-reimbursement type contract with the Department of Labor will expire on the date shown above. No contract modification is contemplated which will extend the period of contract beyond that date. No cost shall be incurred under the contract subsequent to the expiration date.

Your attention is invited to the clause in the General Provisions of your contract entitled "Allowable Cost, Fixed Fee and Payment." This clause sets forth specific procedures to be followed and actions to be taken, and provides that you shall submit all cost data, claims for reimbursement, or other fiscal adjustments deemed to be allocable and allowable under the contract promptly following completion of the work under the contract but in no event later than one year from the date of such completion. You are requested to submit the close-out package, transmitted herewith, complete with all pertinent data and signatures, no later than 90 days after completion of the contract. In the event you cannot return the forms properly executed within the 90 days stipulated, then you are to request, in writing, an extension of time, indicating the cause of the delay and the anticipated date the package will be returned.

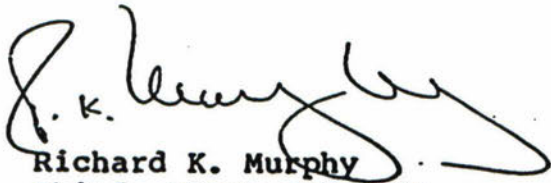
As a preliminary close-out action, if you received advance payments under the contract, it is requested that you estimate the amount of funds which will be needed to cover final contract costs and ascertain the amount of money remaining in your Special Bank or Financial Account. If it appears that there are excess funds in the account, you are requested to withdraw the excess funds within thirty (30) days from the expiration date of the contract. The funds shall be refunded to the government by means of a check made payable to the Secretary of Labor and mailed to this office.

In order that this office may effect an orderly close-out of the contract, including making payments of any amounts which may be due you, it is requested that you take the actions promptly which are set forth in the enclosure entitled "Contractor's Close-out Instructions."

Upon completion of the above actions, please return to this office, at the address shown below, an original and two copies of all required documents using the enclosed "Contractor's Submittal of Close-out Documents" form. You should retain one copy of all documents submitted for your records.

Should any questions arise or should you need any assistance in any phase of the close-out of this contract, please contact the Close-out Unit of this office on telephone number 202-376-6122.

Sincerely yours,


Richard K. Murphy
Chief, Close-out Unit
Office of Contract Services

Close-out Unit
Office of Contract Services
601 D Street, N.W., Room 6328
Washington, D.C.

Enclosures:

CONTRACTOR'S NAME AND ADDRESS:

Mel Harris and Associates, Inc.

Lumber Exchange Building, Suite 1060

Ten South Fifth Street, Minneapolis, MN 55401

CONTRACTOR'S PHONE NO. & AREA CODE

(612) 332-1779

INVOICE NO.

3

DATE OF INVOICE

7/25/80

CONTRACT NO.

99-0-2476-81-3

PERIOD COVERED BY CONTRACT

1-1-80 - 3-31-80



OJT



R. E. & E

1 - Total costs incurred from January 1, 1980 to March 31, 198046,485
\$ 45,807

2 - Estimated costs to be incurred

from March 1, 1980 to March 31, 1980\$ 14,318

3 - Total actual plus estimated costs

46,485
\$ 45,807

4 - Less payments received to date

\$ 31,4895 - Net amount of this request¹14,996
\$ 14,318

Invoice Certification

The amounts claimed on this invoice constitute allowable costs in accordance with the terms of the contract.

Mel Harris
Authorized Signature

July 30, 1980
Date

¹Amounts needed, by period, for initial advance

\$ _____
\$ _____
\$ _____

Total \$ _____

Project Officer Certification

OF&MS USE

1. RECOMMENDATION

PERFORMANCE SATISFACTORY
FOR PAYMENT PURPOSES

1. APPROPRIATION NUMBER

2. AMOUNT TO BE PAID

2. SIGNATURE

3. DATE SIGNED

3. EXAMINER SIGNATURE

4. DATE APPROVED

U.S. Department of Labor/ETA
Office of National Programs/DCS
601 "D" Street, N.W., Room 6328
Washington, D.C. 20213

X

12/28/79

X

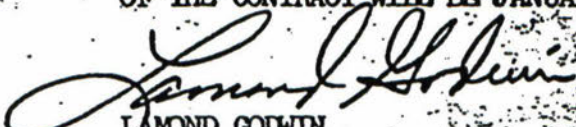
Sanford J. Cohn

376-7465

MEL HARRIS & ASSOCIATES, INC.
89 SOUTH TENTH STREET, SUITE 215
MINNEAPOLIS, MINNESOTA 55402

ATTN: MELVIN J. HARRIS, PRESIDENT

IN CONFIRMATION OF TELECONS BETWEEN CLAYTON J. COTTRELL,
ACTING DIRECTOR, OFFICE OF WELFARE REFORM AND YOURSELF
CONTRACT NUMBER 49-0-2476-82-1 WILL BE WRITTEN TO COVER
YOUR DEVELOPING TECHNICAL ASSISTANCE AND TRAINING GUIDES
FOR THE EMPLOYMENT OPPORTUNITIES PILOT PROGRAM FOR THE
WELFARE REFORM. THE GUIDES WILL ENCOMPASS THE TOPICS
OF (1) STAFF TRAINING, (2) PROGRAM LINKAGES (3) THE JOB
SEARCH PERIOD: AND (4) THE JOB CLUB. THE EFFECTIVE DATE
OF THE CONTRACT WILL BE JANUARY 2, 1980.


LAMOND GODWIN
CONTRACTING OFFICER
OFFICE OF NATIONAL PROGRAMS

 12-28-79

TNPC: SJCohn/ps, 12/28/79

cc: Isabel Danley

U.S. Department of Labor/ETA
Office of National Programs/DCS
601 "D" Street, N.W., Room 6328
Washington, D.C. 20213

x

1-4-80

x

0172-1-2-A-303-15223-2330-000

Brenda Hernandez

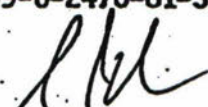
376-7252

MEL HARRIS & ASSOCIATES, INC.
89 SOUTH TENTH STREET, SUITE 215
MINNEAPOLIS, MINNESOTA 55402

ATTN: MELVIN J. HARRIS, PRESIDENT

CONTRACT NUMBER 99-0-2476-82-1 FOR DEVELOPING TECHNICAL
ASSISTANCE AND TRAINING GUIDES FOR THE EMPLOYMENT OPPORTUNITIES
PILOT PROGRAM FOR WELFARE REFORM IS HEREBY CHANGED TO

99-0-2476-81-3.


SANFORD J. COHN
CHIEF
DIVISION OF CONTRACTING SERVICES
OFFICE OF NATIONAL PROGRAMS

COORDINATION

MA FILE COPY

TNPC: BHernandez/ps, 1/4/80

Symbol	Initials	Date



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Mobile, AL., Atlanta, GA.		ETA	
☒ Special	☐ Supplemental	Date of Report		Case Number	
		12/1/81		40-0578-0002 (A30)	
Subject		Reviewer's Initials			
ERNEST GREEN		BFW			
Alleged Improprieties in the Awarding of ETA Contract Funds		Date Reviewed			
		12/1/81			
Special Agent		Regional Office			
b6 b7c		Atlanta, GA.			

1. This investigation was predicated upon receipt of a request dated April 15, 1981 for an Auxiliary Investigation from ROBERT McKEE, Special Agent-In-Charge of the Philadelphia RIO. The request relates to an alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA; _____ and ALEXIS HERMAN, former Director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, and for HERMAN in exchange for political and/or financial considerations. This investigation was conducted in Mobile, Alabama and Atlanta, Georgia by Special Agent _____. Report was submitted on May 21, 1981 to the Philadelphia OI. b7c

2. Additionally, on September 16, 1981, _____ in a meeting at the Arlington, VA. field office requested that the following persons be interviewed: b6
b7c

3. On October 19, 1981 Special Agent _____ was advised telephonically that b7c

4. _____ HARRIS and ASSOCIATES were under contract to provide technical assistance in the Employment Opportunity Pilot-Program (EOPP) in 1979-80. That as a result of the EOPP contract, another contract was given to HARRIS in 1980; _____ notified by the U.S. Labor Department he had a limited period of time to place CETA participants in unsubsidized jobs. _____ also alleges that the U.S. Labor Department told that due to the time frame, he could use outside agencies to find participants jobs. Based on the time mandate, _____ discussed with MEL HARRIS a two phase contract: b6
b7c

- (1) Contract to find jobs for 500 or 600 CETA participants. _____ to _____ knowledge, HARRIS didn't have a personnel placement business at the time of the discussion.) b6
b7c

- (2) And phasing down the program. This phase down would include looking at the accounting and personnel procedures to make sure the system recovered the information needed.

b6
b7c
- |

During the contract talks, — said HARRIS mentioned the possibility of GREEN, HERMAN and ASSOCIATES working with HARRIS and ASSOCIATES. However, it was subsequent to the awarding of the contract for "close out" that — learned by phoning HARRIS that GREEN, HERMAN and ASSOCIATES would be a part of the "close-out". — said that — believed that HARRIS was "just considering" associating with GREEN, HERMAN when HARRIS discussed the association with him. — denied that pressure had been applied upon him, and stated to his knowledge no pre-arrangements were made. Further — said that GREEN never approached him regarding the contract. — related that — who lives in Miami, FL. recommended MEL HARRIS for the "close-out" contract, and he recommended MEL HARRIS to

5. |

b6
b7c

6. |

b6
b7c
|

Special Agent

DISTRIBUTION: WHITE - OIG OFFICE - KANSAS CITY, MO.

YELLOW - OIG FILE

PINK - CASE AGENT -

COPY

OI PHILADELPHIA, PA.

ATTACHMENTS

REPORT OF INTERVIEW

b6; b7C

K

1

66.

66.

1

1.

Date Dictated

By

Ar

Date Transcribed 11/6/81

File No.

RESUME

Melvin J. Harris

900 Washburn Avenue, North
Minneapolis, Minnesota 55405
529-7689

Office:

2506 Park Avenue, South
Minneapolis, Minnesota 55404
348-8415

WORK EXPERIENCE

.....October 1974 - Present

Executive Director

Minnesota Urban Comprehensive Employment & Training Consortium

2506 Park Avenue, South

Minneapolis, Minnesota 55404

Work Performed

Ultimately responsible to the Executive Committee for the development, preparation, presentation and implementation of CETA (Comprehensive Employment and Training Act, 1973) funds allocated by the Department of Labor to the Consortium Area for Manpower implementation. Geographically, this area includes the City of Minneapolis, Anoka, Carver, Hennepin, Scott and Washington Counties.

Develop goals, objectives and an overall proposal for approval by the Executive Committee and presentation to the Department of Labor for funding.

The aforementioned proposal is to effectively implement programs which will enable unemployed, underemployed or economically disadvantaged individuals, within jurisdictional priorities, to be trained and/or prepared for the "world of work" and unsubsidized employment.

Organize the Consortium staff and resources for carrying out program plans by: directly carrying out or delegating to staff the following responsibilities:

- . Direct accountability that all resolutions, rules, regulations and policies of the Executive Committee are executed.
- . Responsibility for the preparation and presentation to the Executive Committee such plans, programs, budgets and procedures as are necessary to carry out the powers of the Executive Committee, or the efficient administration of the affairs of the Executive Committee.
- . Responsibility for keeping the Executive Committee fully apprised of the Consortium financial condition.
- . Represent the Consortium to the general public, as well as local, state and federal agencies.
- . Maintain effective relationships with city, county, federal and state officials and community organizations, including labor, business, education and agricultural organizations.

- . Planning and evaluation of programs
- . Selecting subcontractors and developing effective and workable agreements concerning subcontract responsibilities, subcontract staff and subcontract performance
- . Administering the Minnesota Urban CET Consortium
- . Coordinating Consortium Operations
- . Evaluating Consortium performance on a regular basis and making program adjustments when necessary
- . Meeting Federal reporting requirements
- . Receiving and disbursing Consortium Funds
- . Employing, promoting, transferring and discharging staff
- . Providing training and development to enable staff to meet performance expectations
- . Specifying responsibilities and authorities
- . Translating Consortium goals and strategy into individual staff performance expectations.
- . Review and evaluate results of program operations
- . Administer the day to day activities of the Consortium
- . Continuously remain informed on State and Federal legislation directly or indirectly relative to Manpower
- . Reassess community needs periodically, thus enhancing program effectiveness
- . Coordinate community involvement in Manpower as mandated by the Department of Labor
- . As a Prime Sponsor Director, maintain membership on the Governor's State Manpower Planning Council
- . Continuously be aware, and where possible, seek further funding alternatives

.....November 1972 - October 1974
 Executive Director
 Concentrated Employment Program (CEP)
 Minneapolis, Minnesota

Work Performed

Develop and gain agreements on goals, objectives and priorities for CEP by: obtaining information on the social and economic status of people in the area to be served; analyzing the information to determine the employment problems of the area residents and employment opportunities in the local area; surveying the available community resources, including business organizations, public and private agencies and neighborhood organizations for support in performing the functions of the CEP; and determining the essential activities that the CEP must perform to close the gap between needs of identified groups of the disadvantaged, available community resources and identified employment opportunities to achieve self-sufficient employability for area residents.

Direct and review the development of program plans and budgets by: assigning staff to develop the programs and activities of the CEP; establishing the emphasis and priorities for program plans, and reviewing these plans on an ongoing basis; ensuring that the final program plans meet the needs of the residents and that budgetary allocations reflect the priorities of the CEP.

Further direct and review the development of program plans by: scheduling the various activities of each client service over the contract period and determining what accomplishments should be monthly and for the contract period; establishing specific guidelines by which to measure the results and expenditures of each program; preparing and presenting the CEP proposal to the Sponsor for approval and presenting the CEP proposal to the U.S. Department of Labor for funding.

2 administrative

Organize the CEP staff and resources for carrying out program plans by: directly carrying out or delegating to staff the following responsibilities:

- . planning and replanning
 - . selecting subcontractors and developing effective and workable agreements concerning subcontract responsibilities, subcontract staff and subcontract performance
 - . administering the CEP
 - . coordinating CEP operations
 - . evaluating CEP performance on a regular basis and making program adjustments when necessary
- 5

- . meeting Federal reporting requirements
- . receiving and disbursing CEP funds
- . employing, promoting, transferring and discharging staff
- . providing training and development to enable staff to meet performance expectations
- . specifying responsibilities, decision authority and working relationships among management level staff and subcontractors, and ensuring that each subsequent management level performs in accordance with the function as defined or assigned
- . translating CEP goals and strategy into individual staff performance expectations.

Administer the day-to-day activities of the CEP by: overseeing fiscal administration and information flow to ensure that these systems provide responsive and reliable information about current program operations; determining whether policies and procedures are being carried out in accordance with the job objective; and by ensuring that specific work assignments are scheduled, work completion dates are met and quality standards are imposed for staff-assigned tasks.

Review and evaluate results of program operations by: conducting monthly reviews of results of various programs against specific goals and costs of operations against cost estimates; and by conducting a comprehensive evaluation of program performance on a yearly basis; from these reviews and evaluations, identifying problems and deficiencies and making adjustments where necessary.

Act as Public Relations Officer by: representing the CEP in its dealings and relationships with community groups, local, State and Federal governments, and other private and public agencies.

.....March 1971 - November 1972

Community Planner
State of Minnesota
Office of Local and Urban Affairs
St. Paul, Minnesota

Work Performed

consultation

Provided technical assistance and advisory services to local units of government throughout the State on a continuing basis for the purpose of insuring both sound planning and effective implementation. The performance of this technical assistance and advisory service included but was not limited to:

- . acquainting public officials, staff and citizens as to the nature of the planning process and its role in community development

- . advising localities on the establishment of planning agencies and the organization of public officials and citizen groups to carry out effective, continuing planning programs
- . advising local officials about the availability of Federal funds for advisory and financial assistance to initiate and carry on the planning process, as well as planning requirements for Federal and State grants
- . encouraging joint planning efforts where appropriate between local units of government
- . assisting the State's three Model City programs in identifying State administrative obstacles and acting as liaison between the Model City programs, the U.S. Department of Housing and Urban Development and various State departments.

.....February 1970 - March 1971

Social Planner
St. Paul Model Cities
St. Paul, Minnesota

Work Performed

In conjunction with the Model Cities concept, developed and implemented plans for directing and coordinating various social programs and agencies by: initiating and maintaining contacts with a wide variety of private and public community resources; writing and developing programs to meet community needs; participating in special committees, task forces and professional conferences; negotiating with social and governmental agencies dealing with education, housing, health, crime, welfare and employment.

.....June 1968 - February 1970

Director of Manpower Programs
Greater Omaha Community Action, Inc.
Omaha, Nebraska

Work Performed

Developed and implemented plans for directing and coordinating the various aspects of a continually evolving comprehensive manpower delivery system by: directing budget preparation and controlling personnel assignments, training, utilization and evaluation; developing techniques, procedures and program activities which contributed to effective implementation and accomplishment of project goals; conducting staff meetings to evaluate and revise methods, organization and procedures; drafting and developing proposals related to employment programs with the major responsibility for negotiating with Federal and State agencies for funding.

.....July 1967 - June 1968
Executive Director
Hall County Opportunity Program, Inc.
Grand Island, Nebraska

Work Performed

Planned, directed, controlled and evaluated the operation of the agency through subordinates to whom appropriate authority was delegated by:
interpreting and enforcing policies established by the Board of Directors and implementing policies and procedures for efficient administration of programs and activities; developing or encouraging the development of ideas which could be formulated into effective programs designed to accomplish the mission of the agency.

.....January 1966 - July 1967
Teacher
Nebraska Boys' School
Kearney, Nebraska

Work Performed

Taught Civics, Modern Problems and U.S. and World Geography; coached football, baseball and basketball.

References will be furnished upon request.

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview June 11, 1981

MELVIN J. HARRIS was interviewed at his place of business, 3226 Nevada, Crystal, MN, by RSAC DEIRDRE M. TANAKA. He voluntarily provided the following information:

Personal History:

bb

bc

by

(March 1971) he accepted a position in St. Paul as a social planner with the Model Cities program. At the same time he was working in St. Paul he also taught a course on urban studies, completed his masters degree in geography and participated in efforts with the State Welfare Reform agency. In or around November 1972 he was given a contract to manage the Concentrated Employment Program for the City of Minneapolis.

Date Dictated _____

By RSAC Deirdre M. Tanaka *DWT*

Date Transcribed 6/22/81

At Crystal, MN

File No. 50-0578-0003-

The CETA program came into existence two years later (October 1974). He applied for and was selected for the position of CETA Director for the Minneapolis Consortium.

This consortium disbanded in 1976 because the local governmental units including the City of Minneapolis, Hennepin County and four other counties had dissimilar goals and needs. The new CETA prime sponsors were the City of Minneapolis, Hennepin County and the Quad Cities Consortium. When he became aware that the position he occupied would no longer exist, he approached the Consortium's Executive Committee and ETA Region V and offered to manage the close out of the disbanded Consortium's remaining grants and subcontracts as a consultant. Meanwhile the three new prime sponsors selected new CETA Directors for their programs.

The Board approved his proposal and he hastily contacted his attorney for incorporation of his new position. He does not know who his attorney selected as his directors. He is the sole owner and controller of MEL HARRIS & ASSOCIATES. He has one mandatory board meeting per year at his attorney's instructions. He incorporated in order to avoid any conflict of interest situation and to be free to do other projects. He dislikes using the term "consulting" as descriptive of his organization. His employees are an intense group, who are "not interested in getting rich" but who are interested in personal and professional growth and facilitating the smooth flow of program activities.

Specific examples of the types of management support his company provided were produced, including an operations procedure manual, a staff training manual, and a schematic of participant and work flow processing. He expressed proficiency in performing duties in practically all aspects of CETA management with the exception of accounting, EDP and some MIS. Recently, his people completed a demographic survey of a neighborhood in change and provided job search assistance. Also, in the last four months he and his staff served as interim management for the Minneapolis Community Action Agency after the director left under questionable circumstances. His staff streamlined the weatherization procedures.

His Consortium staff at the time of incorporation consisted of approximately 53 positions. These positions remained under the Consortium, and all compensation for these employees went directly from the Consortium to the employees.

However, he continued to manage all operations but was paid by the Consortium as MEL HARRIS & ASSOCIATES. As the grant process was completed, he transitioned the majority of these employees to other new prime sponsor positions while he retained one as an employee of MEL HARRIS & ASSOCIATES; the complete close down cycle took approximately 9 months.

While the prime sponsors were realigning, he received a second grant of \$27,000 from the Minneapolis Consortium to effect coordination between the WIN and CETA programs for a one year period. He characterized his business as having some very lean years between the first eighteen months of incorporation and the last eighteen months. The corporation owns the business' residential duplex (3226 is outfitted as an office

b6 { He generally outlined the history of MEL HARRIS & ASSOCIATES as follows: During 1976, he received a 9 month contract to close out the Consortium. During 1977 he received two one-year contracts with Dakota County (approximately \$25,000) and with City of Minneapolis/Hennepin County (approximately \$65,000) to do CETA coordination consulting. Both of these contracts were extended for six months, and both originally resulted from RFPs. In or around this time he received a \$20,000 contract from a rural Pennsylvania prime sponsor official vacationing in Minnesota by a friend employed by the Consortium. During 1977 his staff had grown from himself and one person to a total of three. In 1978 he began laying off employees. His wife became CETA Director for Minneapolis and he could no longer contract with that prime sponsor. He recalled doing a small technical assistance project on AAP for Hennepin County. He submitted numerous proposals around the country. He also attended some CETA Directors' meetings with his wife and tried "marketing" his services to them. A CETA Director in New Orleans suggested that he try to become involved with one of the Welfare Demonstration Projects. After numerous contact attempts he personally visited the ETA National Office official in charge of the projects, He had already done a direct mailing to all sixteen prime sponsors with a project. Sometime later, (around August 1979) called him and advised that there would be a project workshop in Mobile, Alabama and asked him to do a presentation. Out of this presentation he signed three

b4 |

clients, Columbus, OH, Mobile, AL, and Baton Rouge, LA.

The contracts he was awarded were not in response to RFPs. He believed that the prime sponsors requested waivers because they were all behind in meeting their performance criteria. All the contracts were originally for either six or nine months. Subsequently the contracts for Baton Rouge and Mobile were extended. The Columbus contract was a fixed fee contract, and the Baton Rouge and Mobile contracts were a combination of fixed fee and time and material provisions. These contracts usually paid their travel costs. Currently the only CETA contract he is handling is for Mobile, AL.

Generally, the three original contracts required staff training, refinement of outreach and intake procedures and modification of other management procedures. The current contract with Mobile, AL occurred when ETA decided to terminate the Demonstration Project. He submitted proposals to Baton Rouge and Mobile to close down their programs, but Baton Rouge decided to use a local management consulting firm.

66 He subcontracts a portion of the activities in the Mobile project to a Washington firm, GREEN and HERMAN. He recalls that this arrangement was originally discussed at a cocktail party given during a ETA NO meeting on close out procedures held in Washington, D.C. He was there as both a representative for Mobile and Baton Rouge, and as a "marketer" for his services to the other prime sponsors. He met ALEXIS HERMAN at the party and he believed that she was also "marketing" her consulting services. He had met HERMAN briefly once or twice before, perhaps at CETA Directors' meetings. He heard that the Mobile CETA Director, had been previously contacted by HERMAN who also desired the close out contract and was told that "MEL HARRIS knows the system and to work it out with him." The day after the cocktail party he had lunch with HERMAN. He knew from his experience with the Minneapolis grant close-down that he did not have a sufficient workforce to handle the entire process during the time allotted. In addition, HERMAN is from Mobile and he needed the "political" support for intended placement activities. By political support, he meant that her firm handled the press conference and contacts with local businesses. Also her firm is assisting with property and is reviewing responses to RFPs for audit. Her firm and his usually alternate work periods in Mobile. HERMAN's firm is invaluable in conducting research and development, (explained as getting timely responses from ETA NO on programmatic problems encountered in closing out the program).

His current employees are:

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HERMAN's employees are:

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Also, during one phase on the Mobile project, he hired seventeen local people to do job search training. These people were employed for a 7 week period and paid every other week. They were all paid by MEL HARRIS & ASSOCIATES as independent contractors. The teachers were selected from persons responding to a newspaper ad and from his search of the CETA application file.

His primary contact at his subcontractor is HERMAN. He has spoken with GREEN on very few occasions. He recalled meeting GREEN briefly at an ANDREW YOUNG speech in Mobile, Alabama, perhaps 2 years ago. HARRIS was in Mobile working on the original Mobile contract at the time. He disclaimed knowledge of or dealings with any individual named _____

(b)(6)
(b)(7)(C)

His company received a one-third advance on their Mobile close-out contract, \$99,000, in late March 1981. He recalled paying HERMAN's firm \$12,500 on or around April 5, 1981. and subsequently paying an additional \$12,500 on or around April 17-20, 1981. He has not submitted an invoice to Mobile for the costs incurred to date; both firms are working on the advance. He believes that HERMAN's costs will be higher than originally anticipated because of the amount of time her staff has been on site. Her contract is both time and materials and fixed fee. The fixed fee portion is for a management evaluation of the project.

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He reiterated that he had hired GREEN and HERMAN because of their abilities and given a similar situation he would hire them again.

Deirdre M. Tanaka
Regional Special Agent-in-Charge

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Date of Interview October 19, 1981

On October 19, 1981,

was interviewed at the office of MEL HARRIS & Associates, 3226 Nevada,
provided in essence the following information:

b6
related that has never met
GREEN nor talked to him. had met and talked with ALEXIS
HERMAN on one occasion at Mobile.

for the Mobile close-out contract. related could
provide no information as to how HARRIS came by the close-out
contract. further denied having any knowledge of any
financial or personal relationships between HARRIS, GREEN
or HERMAN. related that responsibilities relative
to the Mobile close-out consisted of generally setting up
the operation and working with who worked
for GREEN, HERMAN & Associates on the inventory.
worked closely to assure that they did not overlap
work efforts.

b6
related that staff from MEL HARRIS & Associates and
GREEN, HERMAN & Associates frequently worked past the normal
work day and all had responsibilities which were well
assigned and delineated by their employers estimated
that took approximately eight (8) trips for two to
three days each to Mobile to work on site. also
prepared payroll and accounting records in Minneapolis on
the project. related that HARRIS was on site in
Mobile more than anyone else, and worked hard on the project.

b7C
By SA
At Crystal, Minnesota

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Date Dictated
Date Transcribed 10/22/81
File No. 50-0578-0004 A30

Date of Interview October 21, 1981

On October 20, 1981, _____

interviewed at the office of MEL HARRIS & Associates, 3226 Nevada,
provided in essence the following information:

the Mobile Close-Out Project, specifically job placement.
_____ related _____ had met GREEN and HERMAN in Mobile
in mid-April 1981. _____ related that _____ only met them
briefly, however HERMAN was frequently at the worksite.

_____ related that _____ had worked with hire programs before, doing
placements, and had participated in workstudy projects
prior to her employment.

_____ related that _____ knows
nothing pertaining to HARRIS' obtaining the contract for
the Mobile close-out. _____ does not believe that HARRIS
has any personal relationship with either GREEN or HERMAN.

_____ related that _____ was in Mobile at the worksite
during the entire first eight (8) weeks of the program
during which the 17 new employees of MEL HARRIS & Associates
were indoctrinated. During _____ time at Mobile, _____ had
observed _____

working at the site, all employees of GREEN, HERMAN &
Associates. _____ related that _____ also assisted in
the property inventory conducted at Mobile. _____ also
wrote the model design, the report to the National Office,
and all the job related memos. _____ related that

HARRIS along with all of his employees and those from
GREEN, HERMAN & Associates worked diligently on the project.
_____ was not aware of any financial transactions between
GREEN, HERMAN, and HARRIS.

By SA _____ *b7C*

At Crystal, Minnesota

Date Dictated _____

Date Transcribed 10/22/81

File No. 50-0578-0004 A30

Type of Report ☐ Preliminary ☒ Final ☐ Special ☐ Supplemental		City/State of Investigation Minneapolis, Mn		DOL Program ETA/CETA	
Subject Mel Harris & Associates, Inc. Request for Assistance		Date of Report June 17, 1981		Case Number 50-0578-0003A30 30-0578-0002	
		Reviewers' Initials			
		Date Reviewed			
Special Agent Deirdre M. Tanaka		Regional Office Chicago, Illinois			

1. Initiation of this investigation is predicated on a Philadelphia RIO request for assistance dated May 20, 1981. Chicago agent personnel were requested to interview Mel Harris and to obtain information concerning his subcontract of CETA consulting services with Green-Herman and Associates, Inc. Investigative efforts were made by RSAC Deirdre Tanaka at Minneapolis and St. Paul Minnesota on June 10 and 11, 1981.

2. Details of the interview with Mel Harris are contained in the attached Report of Interview. Also attached are the Articles of Incorporation for Mel Harris & Associates, Inc. and Harris' resume. The State of Minnesota does not require its domestic corporations to file annual reports. Since all requested actions have been completed, this case is being closed.

Deirdre M. Tanaka
Deirdre M. Tanaka
RSAC

Date of Interview October 19, 1981

On October 19, 1981, MEL HARRIS was interviewed at his office located at 3226 Nevada, Crystal, MN. HARRIS was advised that the purpose of the interview was to obtain additional information relative to his initial interview of June 11, 1981. HARRIS freely consented to provide additional information. HARRIS provided in essence the following information:

HARRIS had initially become aware that there might be a possibility of a contract between his consulting firm and the Mobile County Consortium during his 1979 meeting in Washington, D.C. with _____. HARRIS had heard about the Office of Welfare Reform and had taken the trip to see _____ in an effort to market his skills in the area of "Welfare Reform". HARRIS had been led to understand that there was a meeting of representatives from sixteen (16) cities in Mobile, Alabama. HARRIS was advised by _____ that _____ had no projects for which could use HARRIS' skills, however he requested HARRIS give a "presentation" at the Mobile conference. After HARRIS' presentation at the conference, he met with _____ the Mobile County Consortium. _____ had been impressed by HARRIS' presentation and they discussed the upcoming demonstration project. HARRIS provided input as to his abilities in that area and suggested that HARRIS submit a written proposal. Upon HARRIS' return to Minnesota, he did prepare a proposal which he submitted to _____ approximately two weeks after their meeting. HARRIS had not met _____ prior to their meeting at the "workshop". During the two week period between their meeting and HARRIS' submission of his proposal, HARRIS does not believe he saw _____ however he did call him on approximately two occasions. The calls generally centered around HARRIS' description of his proposal. To HARRIS' knowledge no one else submitted proposals for the project.

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By SA _____
At Crystal, Minnesota

Date Dictated 10/21/81
Date Transcribed 10/21/81
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When asked to elaborate on his initial meeting with HERMAN, HARRIS related that his first meeting with her was in 1980. HARRIS was staying at the Hilton Hotel in Mobile at the time. During that time ANDREW YOUNG, JESSE JACKSON and others were giving lectures in Mobile. HARRIS was introduced to HERMAN and GREEN at the one of the lectures. He had been introduced to GREEN as "Secretary GREEN" and HERMAN was identified as being connected with the Women's Bureau. HARRIS also had ridden in a car with GREEN and a couple of other people. On neither occasion did he exchange other than "pleasantries" with GREEN or HERMAN. HARRIS described himself as a wall-flower and explained that it would not have been in his nature to "relate" to persons in such high positions. These had been HARRIS' only contacts with GREEN until after he had gotten the close-out contract.

In 1981, HARRIS went to a meeting in Washington, D.C. He had gone there to market his "close-out services". After the first day's session HARRIS again met HERMAN who had approached — in an attempt to get the Mobile close-out contract. HARRIS had already advised that he would accept the project, although he cannot recall whether his presentation had been drafted at that point. had advised HERMAN to contact HARRIS about the contract. HARRIS assumes did this as he might have known that HARRIS normally subcontracts much of his work to avoid having to hire people for specific projects, train them and terminate them when the project is completed. HARRIS believes he may have had the "edge" on the contract as he was already under the initial contract with Mobile and had been doing a good job under that contract. At that point, he had been working for Mobile for approximately two years.

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HARRIS was impressed with HERMAN's programmatic knowledge and ideas. He knew she would be in a better position to arrange for the portion of the contract requiring job placement for previous employees of the Consortium, upon close-out. HERMAN had "connections" in Mobile whereas HARRIS was a virtual unknown.

HARRIS related that even during the subcontract he had very limited contact with GREEN. He was satisfied with HERMAN's qualifications and skills so he automatically dealt with her. He only needed HERMAN's local contacts as HARRIS himself could handle the close-out portion of the contract. GREEN had virtually no assests needed by HARRIS.

v/f

HARRIS related that he does have GREEN's home telephone number (202/462-0619) however does not have his home address. HARRIS does not recall if he obtained the telephone number from GREEN or one of his staff. HARRIS is positive that he did not have the number prior to the subcontract. HARRIS had called GREEN at his home on approximately two occasions, only to discuss subcontract matters. HARRIS has never been to GREEN's home nor GREEN to HARRIS'. HARRIS has personally seen GREEN on approximately six (6) occasions since the subcontract.

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Not responsive

The conference was just prior to the letting of the close-out contract. HARRIS had accepted a ride to the press conference being given by JESSE JACKSON. GREEN and one or two others were present in the automobile. HARRIS did not converse with either, other than offering a salutation. Those were the only two occasions during which HARRIS had contact with

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HARRIS denies ever having any financial or personal transactions to include The only contact with GREEN or HERMAN has been the subcontract to them for the close-out of the Mobile Consortium. Other than HARRIS' contracts with Mobile he denies any financial or personal dealings with

HARRIS has never had a personal secretary at MEL HARRIS & Associates.

HARRIS provided the following information concerning his employees participation in the close out project:

bp
_____ worked on site much of the contract period on the inventory and participant files. _____ also provided logistical coordination in setting up the administrative job search.

_____ served on site much of the time as Project Coordinator for the job search. _____ also conducted the training for the new employees (17) who were to assist in the job placement portion of the contract.

_____ spent lengthy periods in Mobile working on the actual close-out functions. _____ also worked on the inventory and participant file work.

bp
and spent much of that time working at Mobile with staff utilization and in the area of technical assistance.

HARRIS also spent much of his time on site at Mobile working on, and overseeing the close-out operation.

At the end of the day, his employees would conduct a debriefing to ascertain what had been accomplished and what needed to be done. Written daily logs were prepared.

GREEN, HERMAN & Associates prepared written monthly reports on their activities and also supplied telephonic updates to HARRIS.

GREEN, HERMAN & Associates were responsible for the inventory reconciliation and also prepared a cost analysis study to determine savings resulting from MEL HARRIS & Associates' efforts. They also set up employment opportunities and did job placement follow up. Their function required a significant amount of research on their part.

bp
HARRIS maintains _____ bank accounts relative to MEL HARRIS & Associates. His general operating account is the _____ The second bank account is _____ Mobile, Alabama. The Mobile account was used to pay most of the miscellaneous expenses on the Mobile contracts. The _____ account disbursements included expenses incurred in travel, lodging, and other related expenses to and from Mobile.

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HARRIS denied having ever made any payments, loans, etc to ERNIE GREEN, ALEXIS HERMAN. The only payments made to GREEN, HERMAN & Associates were payments made in the name of GREEN, HERMAN & Associates and were made by interbank transfers, for work performed on their subcontract to HARRIS. The interbank transfers were made to GREEN, HERMAN & Associates.

The following is a list of all deposits made by HARRIS to GREEN, HERMAN & Associates:

<u>DATE OF TRANSFER</u>	<u>AMOUNT OF TRANSFER</u>
April, 1981	2 transfers at \$12,500e
July 14, 1981	\$10,000
July 30, 1981	\$ 9,934.50
August 4, 1981	\$12,840
September 22, 1981	\$ 4,011.50
October (?)	<u>\$13,214</u>
	TOTAL: <u>\$75,000</u>

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(AGENT's NOTE):

The above schedule of payments was obtained telephonically by HARRIS from his accountant.

HARRIS does not believe the dates or the transfers are correct, although they would be close. HARRIS related that all payments were based upon invoices submitted to him by GREEN, HERMAN & Associates.

HARRIS related that he dealt with the Mobile EOPP Program, and the Consortium Board in obtaining his contracts with Mobile and obtained the contracts on his own merits.

b7c
Special Agent

Date of Interview October 19, 1981

On October 19, 1981,

_____ interviewed at the Office of MEL HARRIS & Associates; 3226 Nevada, Crystal, MN. _____ provided in essence the following information:

b6 _____ had worked for MEL HARRIS & Associates for approximately _____ had a very limited involvement in the close-out portion of the Mobile County Consortium contract. _____ had met GREEN in Mobile on a couple of occasions during group work meetings, however _____ does not believe _____ would recognize him if _____ saw him again. _____ did not converse with GREEN during those instances. _____ related that _____ had met HERMAN once in Mobile at the worksite however did not converse with her at that time. _____ related that

b6 _____ believes that HARRIS' first contract with Mobile led to the second contract. The close-out contract did take a significant amount of time and in _____ opinion HARRIS was underpaid for the work performed by both his staff and GREEN, HERMAN & Associates on the contract. _____ further related that HARRIS has extensive knowledge in CETA and works very hard on all of his contracts. _____ knows of no financial dealings between HARRIS, GREEN, HERMAN _____ and believes _____ would have known if there were such transactions as _____ has been employed at MEL HARRIS & Associates. _____ also related that _____ arranges numerous phone calls for HARRIS and at no time arranged any phone calls to GREEN or HERMAN. On occasions when _____ did overhear conversations between HARRIS and GREEN, HERMAN & Associates HARRIS was always direct and dealt with them in a very businesslike manner. _____ related that during the close-out portion of the contract _____ had gone to Mobile on approximately two occasions for three days each. _____ related the other three employees of MEL HARRIS & Associates did a significant amount of work on the project. _____ related that _____ did provide guidance to the staff as _____ had been involved with close-outs before. _____ related that _____ prepared no written reports, however _____ did keep track of _____ hours on

Date Dictated _____

By SA _____

Date Transcribed 10/22/81

At Crystal, Minnesota

File No. 50-0578-0004 A30

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daily work log for work provided on the Mobile contract. During the six months of the close-out contract HARRIS spent much of his time on site at Mobile. On occasions where was present at Mobile observed GREEN there on one occasion, one of his employees, and two other had also seen HERMAN on one occasion. believed GREEN, HERMAN & Associates and their employees prepared a significant number of reports on what they were doing on the project. believed much of their time was spent extracting data from the Consortium to determine what efforts made by HARRIS actually worked and which ones did not. Daily debriefings were conducted to assure that no duplication of effort was being done by employees of MEL HARRIS & Associates and GREEN, HERMAN & Associates. Concerning the 17 employees hired by MEL HARRIS & Associates in Mobile related that advertisements were placed in the newspaper, however were not successful. The 17 were basically hired from CETA staff applications submitted to Mobile. All persons employed were highly qualified for the pay they received. related that did some close-out work and designed systems at Minnesota for the close-out project. To the best of knowledge HARRIS had no other contracts with GREEN, HERMAN & Associates. had gotten the impression that HARRIS did not know much about either GREEN or HERMAN personally. firmly believes HARRIS got the contract without having the subcontract to GREEN and HERMAN being a provision of the contract. To the best of knowledge HARRIS hired GREEN, HERMAN & Associates of his own volition.

b7C

Special Agent

U.S. DEPARTMENT OF LABOR
Office of the Secretary
Office of Inspector General

REPORT OF INTERVIEW

Date of Interview October 19, 1981

On October 19, 1981,

he _____ was interviewed at the Office of MEL HARRIS & Associates, 3226 Nevada, Crystal, MN, provided in essence the following information:

_____ employed by MEL HARRIS & Associates and

related that _____ had met both GREEN and HERMAN on one occasion at a work session which occurred on site in Mobile, Alabama, at the Mobile County Consortium, during the period of the close-out contract. _____ related that _____ does not know GREEN or HERMAN personally, and has conversed with them only to the extent of salutations.

b4 _____ related that to the best of _____ knowledge HARRIS had let the subcontract with HERMAN and GREEN based upon HERMAN's "political clout" in the local Mobile area, which _____ believed would have facilitated, and did facilitate, the placement of displaced persons, within the local economy. _____ related that HARRIS has frequently let subcontracts in the past, as HARRIS' staff is limited, and he does not believe in hiring people for only one project. _____ related that HARRIS did go to Washington, D.C. on one occasion to meet with GREEN, HERMAN & Associates, to resolve problems which occurred in the overlapping of activities by employees of HARRIS' firm as well as those of GREEN, HERMAN & Associates, during the close-out. In opinion HARRIS did treat GREEN and HERMAN with respect, however on all occasions was firm and in her opinion there was no doubt in anyone's mind that HARRIS was "running the operation". To the best of _____ knowledge the subcontract with GREEN, HERMAN & Associates was not a condition of HARRIS obtaining the close-out contract with the Mobile County Consortium. _____ related that _____ personally set up the design for the proposal on the close-out contract prior to the awarding of the contract. _____ related that this work was not billed for under the contract.

Date Dictated _____

By SA _____ *b7c*

Date Transcribed 10/22/81

At Crystal, Minnesota

File No. 50-0578-0004 A30

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was responsible for the overall administration and assumed a second in command position after had established the timetables. ——— assigned staff to duties and conducted much of the work in the property inventory part of the contract. ——— also conducted participant file reviews. ——— related that employees of GREEN, HERMAN & Associates did the property inventory research and development. ——— related that although HARRIS had initially thought the inventory would be simple, the inventory was one of the worst problems which occurred during the contract as there was no way to match property with the fiscal records as no property had been marked with identification data. ——— related that ——— spent a total of two months out of the six months of the contract period in Mobile, consisting of approximately 20 trips to Mobile during which ——— stayed approximately three days on each occasion. ——— related that the following were employees of GREEN, HERMAN & Associates who worked at the Mobile site:

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These were the only employees of GREEN, HERMAN & Associates that ——— actually saw on a regular basis, however she did understand there were other employees of that firm working on the project ——— related that the employees of GREEN, HERMAN & Associates did work diligently and all work which was assigned to them by GREEN, HERMAN & Associates did appear to be well coordinated. ——— believed that HARRIS had no prior contracts with GREEN, HERMAN & Associates and had gotten the impression that HARRIS did not know either GREEN or HERMAN prior to the contract. ——— knew of know financial dealings between HARRIS and GREEN; HERMAN.

b7c
—
Special Agent



Type of Report ☐ Preliminary ☒ Final ☐ Special ☐ Supplemental		City/State of Investigation MINNEAPOLIS, MN		DOL Program ETA/CETA	
Subject MEL HARRIS & Associates, INC.		Date of Report 10/22/81		Case Number 50-0578-0004 A30	
Special Agent b7c		Reviewers' Initials	Deut		
		Date Reviewed	10/23/81		
		Regional Office Chicago, IL			

1. Initiation of this investigation is predicated on an Arlington, VA RIO telephonic request for assistance on September 15, 1981. Chicago agent personnel were requested to interview MEL HARRIS and his staff and to obtain documentation pertaining to his Mobile County Consortium CETA Contracts and his subcontract with GREEN, HERMAN & Associates, Inc. Investigative activities were conducted by SA _____ at Minneapolis, MN on October 19 and 20, 1981 and SA _____ at Cleveland, OH on October 19 through 23, 1981. b7c b6

2. Details of the interviews of MEL HARRIS and his staff are contained in the attached Reports of Interview. Also attached is documentation pertaining to the Mobile County Consortium Contracts and subcontract. Since all requested actions have been completed, this case is being closed.

3. The results of SA _____ investigative efforts were not available at the time of the submission of this report but will be forwarded upon receipt. Arlington agents have been verbally apprised of the results of SA _____ interviews. b7c

b7c
Special Agent

10-26-81

EXHIBITS

- E-1 Mobile Consortium Contracts and Reports
- E-2 MEL HARRIS & Associates Monthly Reports
- E-3 PSE Transitionalization Contract Correspondence
- E-4 MEL HARRIS & Associates Invoices
- E-5 Records pertaining to 17 staff employed at Mobile
- E-6 Expense Records for Mobile
- E-7 Travel Records
- E-8 MEL HARRIS & Associates Employee timesheets
- E-9 GREEN, HERMAN & Associates Correspondence, timesheets and invoices
- E-10 Mobile General Correspondence
- E-11

have been requested and will be forwarded upon receipt.

b6

United States Senate

COMMITTEE ON LABOR AND
HUMAN RESOURCES
WASHINGTON, D.C. 20510

Exhibit #

1

June 23, 1981

Mr. Ernest Green
Green-Herman and Associates, Inc.
1120 Connecticut Avenue, N.W.
10th Floor
Washington, D.C. 20036

Dear Mr. Green:

The Committee on Labor and Human Resources is currently conducting an oversight inquiry into Labor Department contracts and grants let under the Comprehensive Employment Training Act since June 30, 1980. To assist us in this inquiry, I would appreciate your providing the committee a list of any and all contracts, subcontracts, grants or subgrants that your firm has received since its incorporation in January, 1981. Where subcontracts or subgrants are involved, please specify the prime contractor or prime grantee; also specify the date that contracts or subcontracts, grants or subgrants were received and list the dollar amount of each.

In addition, please provide the committee with an accounting of all funds received from prime or subcontractors under any and all other federal grant or contract programs, i.e., Social Security, Small Business Administration, Department of Education, et al. If your firm has set up any service projects utilizing Labor Department funds, directly or indirectly, please specify.

I hope to receive your response by the close of business Thursday, July 2. Any inquiry regarding this request should be directed to Mr. Dan Gill of the committee staff at 224-9285.

Your cooperation is greatly appreciated.

Sincerely,

Orrin G. Hatch

Orrin G. Hatch
Chairman

OGH/dgc

FINLEY, AMBLE, WAGNER, HEINE, UND BERG & CASEY

120 CONNECTICUT AVENUE, N.W.

WASHINGTON, D.C. 20036

(202) 857-4000

CABLE: DANKEY

TELEX 892418

TELECOPIER (202) 857-4410

WRITER'S DIRECT DIAL

(202) 857-4466

1200 11/11 77
PARTICULARS IN THIS STATE, D.C. OFFICE FORMERLY IN NEW YORK
DANIELS, D. CASEY, TIDINGS, QUART & DORON

426 PARK AVENUE
NEW YORK, N.Y. 10022
(212) 371-6900
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MIAMI, FLORIDA 33131
(305) 358-8090
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MATTHEW L. GOLDSTEIN (M.T.)
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DANIEL D. MCNEIL (D.C.)
DANIEL D. MCNEIL

FRANCIS J. ALMAN (F.A.)
EDWARD A. MCNEIL (E.M.)
DANIEL D. MCNEIL (D.M.)
VICTOR F. MCNEIL (V.F.)
THOMAS J. MCNEIL (T.J.)
DANIEL D. MCNEIL (D.C.)
DANIEL D. MCNEIL (D.C.)

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MRS. REYCH
JEFFREY A. CHARLSTON

RESIDENT IN MIAMI

J. ARTHUR GOLDBERG
PHILIP BLOOM

GARRY H. BERRY
FRED A. LACOSTE

July 2, 1981

The Honorable Orrin G. Hatch
Chairman
Senate Committee on Labor and
Human Resources
302 Senate Courts Building
United States Senate
Washington, D.C. 20510

Dear Senator Hatch:

As Counsel for Green-Herman and Associates, Inc. ("Green-Herman") we are authorized to respond to your letter request to Green-Herman asking that the Committee on Labor and Human Resources ("Committee") be provided with (1) "a list of any and all contracts, subcontracts, grants or subgrants that [the] firm has received since its incorporation in January, 1981" from the U.S. Department of Labor under the Comprehensive Employment Training Act; (2) "An accounting of all funds received from prime or subcontractors under any and all other federal grant or contract programs;" and (3) an enumeration of "any service projects utilizing Labor Department funds, directly or indirectly."

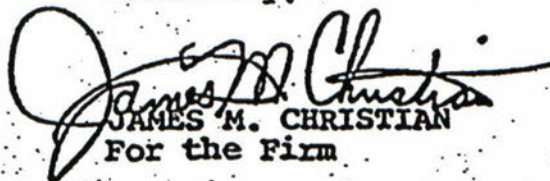
Green-Herman is most willing to be of whatever assistance it can to the Committee as it conducts an oversight inquiry into the Labor Department's letting of con-

The Honorable Orrin G. Hatch
 July 2, 1981
 Page Two

tracts under the Comprehensive Employment Training Act. In keeping with this willingness, Green-Herman has conducted a thorough review of all its contractual undertakings since January, 1981 and can state unequivocally that: (1) it has not received any contracts, subcontracts, grants or subgrants from the U.S. Department of Labor under the Comprehensive Employment Training Act; (2) it has not received any funds from prime or subcontractors under any other federal grant or contract program; and (3) it has not set up any service projects utilizing Labor Department funds, directly or indirectly.

We trust that the foregoing is responsive to your request. Green-Herman will gladly provide any additional appropriate information that the Committee might require. If you or your staff have any further questions regarding any aspect of this matter please contact me.

Sincerely,


 JAMES M. CHRISTIAN
 For the Firm

JMC/alg

April 3, 1981

Mel Harris
Mel Harris & Associates, Inc.
3226 Nevada Avenue North
Crystal, Minnesota 55427

Dear Mel:

This document serves as a formal letter of agreement between Mel Harris & Associates, Inc., and Green-Herman & Associates, Inc. Green-Herman & Associates will enter into a subcontracting arrangement with Mel Harris & Associates to assist with the transitioning of 700 LOPP Public Service Employment (PSE) participants and the administrative and close-out technical assistance for the Mobile County Consortium.

Specifically, Green-Herman & Associates, Inc., agrees to provide the following services in its subcontracting relationship:

In the transition phase Green-Herman & Associates, Inc., will:

- (1) Assist EOPP in implementing necessary procedures to accommodate smooth transitioning of participants;
- (2) Coordinate an advertising campaign directed to the general public and potential employers;
- (3) Assist EOPP in developing a feedback mechanism of participant information from the various sites and support staff;
- (4) Assist in convening a meeting of the PIC, ES, other employment and training programs such as WIN, Job Corps, Title III projects, business and labor groups to write the final re-employment plan;
- (5) Assist with documenting the termination of PSE participants.

In the administrative and close-out technical assistance phase Green-Herman & Associates, Inc., will:

- (1) Assist in the close-out of the administrative structure and staff;
- (2) Conduct an evaluation of the Mobile project;
- (3) Submit a written evaluation report.

Green-Herman & Associates, Inc., understands that the time framework for the prime and subcontracts is April 2, 1981-September 30, 1981. Green-Herman & Associates, Inc., will accomplish all of the listed tasks during this time period. Green-Herman & Associates, Inc., will require 2,380 hours of staff and consultant time at a total fixed personnel cost of \$63,070. The evaluation and report will be a fixed cost of \$11,930. Thus, the total fixed cost of Green-Herman & Associates, Inc., subcontract with Mel Harris & Associates, Inc., is \$75,000.

Green-Herman & Associates, Inc., will require one-third (\$25,000) of the \$75,000 subcontract in a single advance payment, due upon signing of this agreement. The remainder of the fixed cost contract (\$50,000) will be invoiced in accordance with the billing process of the prime contractor over the life of the contract.

Green-Herman & Associates, Inc., is pleased to enter into this subcontracting agreement with Mel Harris & Associates, Inc., effective this date.


ALEXIS HERMAN
Green-Herman & Associates, Inc.
April 6, 1981


MEL HARRIS
Mel Harris & Associates, Inc.
April 6, 1981

Office of Recorder of Deeds

CORPORATION DIVISION

WASHINGTON



This is to certify that the pages attached hereto constitute a full, true, and complete copy of CERTIFICATE AND APPLICATION OF CERTIFICATE OF AUTHORITY OF GREEN-HERMAN & ASSOCIATES, INC., AS RECEIVED AND FILED FEBRUARY 17, 1961, TOGETHER WITH EXHIBITS ATTACHED THERETO.

as the same appears of record in this office.

In Testimony Whereof,

I have hereunto set my hand and caused the seal of this office to be affixed, this

the 10th day of

June A. D. 1961.



MARGURITE C. STOKES

Recorder Of Deeds, D.C.

By *Phyllis A. Pratt*
Assistant Superintendent of Corporations
Form N-1 2-20-57

OFFICE OF RECORDER OF DEEDS
Corporation Division
Sixth and D Streets, N. W.
Washington, D. C. 20001

CERTIFICATE

THIS IS TO CERTIFY that all applicable provisions of the District of Columbia Business Corporation

Act have been complied with and ACCORDINGLY this Certificate of Authority

is hereby issued to GREEN-HERMAN & ASSOCIATES, INC.

as of February 17, 1981



MARGURITE C. STOKES
Acting Recorder of Deeds, D.C.

By

John M. Dwyer
Acting Superintendent of Elections

OFFICE OF RECORDER OF DEEDS, D.C.

Corporation Division
Sixth and D Streets, N.W.,
Washington, D.C. 20001

EXEMPT OR DUPLICATE Agents Submit Certified Copy of Articles and All Amendments Filing Fee <u>1.00</u> PAID <u>1.00</u> Recording Fee <u>1.00</u> Total <u>2.00</u>		APPLICATION FOR CERTIFICATE OF AUTHORITY Corporate Name <u>Green-Herman & Associates</u>
---	--	--

To the Recorder of Deeds, D.C.

Pursuant to the provisions of the Code of Laws for the District of Columbia and the Business Corporation Act, undersigned corporation hereby applies for a Certificate of Authority to transact business in the District of Columbia and for that purpose submits the following statement:

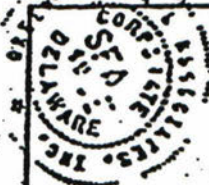
1. Name of Corporation <u>Green-Herman & Associates, Inc.</u>	2. Address, including street and number, of its principal office in the District of Columbia <u>229 South State Street</u> <u>Dover, Delaware 19901</u>
3. Name elected to act in the District <u>Green-Herman & Associates, Inc.</u> (Add "corporation", "company", "incorporated", "limited" or an abbreviation thereof, if same does not appear in corporate name. Otherwise, answer same as 1.)	4. Address, including street and number of its proposed registered office in the District <u>1120 Connecticut Avenue, N.W.</u> <u>10th Floor</u> <u>Washington, D.C. 20036</u> Name of its registered agent in each address: <u>Representative Agency, Inc.</u>
5a. Incorporated under the laws of the State of <u>Delaware</u> b. Date of incorporation <u>January 20, 1981</u> c. Term of existence <u>Perpetual</u>	7. A brief statement of the business it proposes to transact in the District of Columbia <u>Consulting and marketing analysis service.</u>
8. Date commenced or will commence transacting business in the District of Columbia <u>January 30, 1981</u>	

9. Names and respective addresses, including street and number, of its directors and officers.

NAME	OFFICE	ADDRESS
<u>Ernest Green</u>	<u>Director</u>	<u>21 'S' Street, NW, Washington, DC</u>
<u>Alexis Herman</u>	<u>Director</u>	<u>700 7th Street, SW #626</u> <u>Washington, D.C. 20024</u>
<u>Ernest Green</u>	<u>President</u>	<u>See above</u>
<u>Alexis Herman</u>	<u>Vice Pres.</u>	<u>See above</u>
<u>Alexis Herman</u>	<u>Secretary</u>	<u>See above</u>
<u>Ernest Green</u>	<u>Treasurer</u>	<u>See above</u>

Dated 2/10/81

Corporation Seal



Green-Herman & Associates, Inc.

Ernest A. Herman
Signature of President or Vice President

Attest:

Alexander
(Secretary or Assistant Secretary)

RECEIVED
FEB 17 3 19 PM '81
RECORDS OF DEEDS
D.C.

FILED
BY _____

CERTIFICATE OF INCORPORATION

THIS IS TO CERTIFY THAT:

FIRST: The name of the corporation (hereinafter referred to as the "Corporation") is Green-Herman & Associates, Inc.

SECOND: Its registered office in the State of Delaware is to be located at 229 South State Street, City of Dover, County of Kent; and the name of the registered agent of the Corporation in the State of Delaware at such address is The Prentice-Hall Corporation System, Inc.

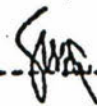
THIRD: The period of its duration is perpetual.

FOURTH: The nature of the business, and the objects and purposes proposed to be transacted, promoted and carried on, are to do any or all of the things herein mentioned, as fully and to the same extent as natural persons might or could do, and in any part of the world; viz:

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware, including but not limited to, the following:

(a) To own and operate a consulting and marketing analysis service which will design for those in the field of employment and training a productivity package which will provide broad-based marketing strategies, utilizing predictive tools such as economic forecasting and econometric models.

FEB 17 1961
FILED

BY 

(b) To act as consultant and adviser with respect to the most beneficial configuration of public/private sector alliances to maximize the utilization of the services provided by those in the field of employment and training.

(c) To provide diagnostic services and implementation assistance with respect to labor resource maximization by designing and implementing work force training and retraining programs.

(d) To act as consultant and adviser with respect to labor relations, on-site and off-site relocation assistance, and operating methodology to improve the quality and efficiency of employee work life.

(e) To enter into partnership agreements in furtherance of the purposes of the Corporation and for the production of income and to promote its business, and to be a general partner in such partnerships;

(f) To purchase, acquire, hold, improve, sell, convey, exchange, assign, release, mortgage, encumber, lease, hire and deal in real, fixed and personal property, of every nature and description, wheresoever situated, and any and all rights therein, including, but without limitation, improved and unimproved land, stocks, bonds, commercial paper, mortgages and mortgage notes, deeds of trust and deed of trust notes, and other securities;

(g) To employ such persons as it deems necessary or proper to carry on the business of the Corporation;

(h) To engage in and carry on any other business which conveniently be conducted in conjunction with any of the business of the Corporation;

(i) To acquire all or any part of the good will, rights, property and business of any person, firm, association or corporation heretofore or hereafter engaged in any business whether or similar to any business which the Corporation has the power to conduct, and to hold, utilize, enjoy and in any manner dispose of the whole or any part of the rights, property and business so acquired and to assume in connection therewith any liabilities of any such person, firm, association or corporation;

(j) To apply for, obtain, purchase or otherwise acquire any patents, copyrights, licenses, trademarks, trade names, rights, processes, formulas, and the like, which may seem capable of being used for any of the purposes of the Corporation; and to use, exercise, develop, grant licenses in respect of, sell and otherwise turn to account, the same;

(k) To acquire by purchase, subscription or in any other manner, take, receive, hold, use, employ, sell, assign, transfer, exchange, pledge, mortgage, lease, dispose of and otherwise deal in and with, any shares of stock, shares, bonds, debentures, notes, mortgages or other obligations, and any certificates, receipts, warrants or other instruments evidencing rights or options to receive, purchase or subscribe for the same, or representing any other rights or, interest therein or in any property or assets, issued or created by any persons, firms, associations, corporations

syndicates, or by any governments or subdivisions thereof; and to possess and exercise in respect thereof any and all rights, powers and privileges of individual holders;

(l) To aid in any manner any person, firm, association, corporation, or syndicate, of which any shares, bonds, debenture notes, mortgages or other obligations, or any certificates, receipts, warrants, or other instruments evidencing rights or options to receive, purchase or subscribe for the same, or representing any other rights or interests therein, are held by or for this Corporation, or in the welfare of which this Corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve and enhance the value of any such property or interest, or any other property of this Corporation;

(m) To guarantee the payment of dividends upon any shares of stock or shares in, or the performance of any contract by, any other corporation or association in which this Corporation has an interest, and to endorse or otherwise guarantee the payment of the principal and interest, or either, of any bonds, debentures, notes or other evidences of indebtedness created or issued by any such other corporation or association;

(n) To carry out all or any part of the foregoing objects as principal, factor, agent, contractor, general partner, limited partner or otherwise, either along or through or in conjunction with any person, firm, association or corporation, and in carrying on its business and for the purposes of attaining or furthering any of its objects and purposes, to make and perform any

contracts and to do any acts and things, and to exercise any powers suitable, convenient or proper for the accomplishment of any of the objects and purposes herein enumerated or incident to the powers herein specified, or which at any time may appear conducive to or expedient for the accomplishment of any of such objects and purposes;

(o) To carry out all or any part of the aforesaid objects and purposes, and to conduct its business in all or any of its branches, in any or all states, territories, districts and possessions of the United States of America and in foreign countries; and to maintain offices and agencies in any or all states, territories, districts and possessions of the United States of America and in foreign countries;

(p) To conduct any other business which may lawfully be conducted under the General Corporation Laws of the State of Delaware.

The foregoing enumeration of the purposes, objects and business of the Corporation is made in furtherance, and not in limitation, of the powers conferred upon the Corporation by law and is not intended, by the mention of any particular purpose, object or business, in any manner to limit or restrict the generality of any other purpose, object or business mentioned, or to limit or restrict any of the powers of the Corporation. The Corporation is formed upon the articles, conditions, and provisions herein expressed and subject in all particulars to the limitations relative to corporations which are contained in the General Laws of the State of Delaware.

FIFTH: The amount of the total authorized capital stock of this Corporation is two thousand shares of Common Stock without par value. Such Common Stock being all of one class and bearing one vote per share which vote shall be noncumulative.

In addition, such Common Stock shall have such voting rights, limitations, preferences, qualifications, as shall be stated and expressed in the resolution of the Board of Directors providing for the issuance of the Common Stock. The Board of Directors is hereby expressly vested with the authority to adopt such resolutions.

SIXTH: The names and mailing addresses of each incorporator is as follows:

<u>Name</u>	<u>Mailing Address</u>
James M. Christian	1120 Connecticut Avenue, N.W. Washington, D.C. 20036
Cory M. Amron	1120 Connecticut Avenue, N.W. Washington, D.C. 20036

SEVENTH: The powers of the incorporator[s] shall terminate upon the filing of this Certificate of Incorporation, and the names and mailing addresses of persons to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualify are:

<u>Name</u>	<u>Mailing Address</u>
Ernest Green	21 S Street, N.W. Washington, D.C. 20001
Alexis Herman	700 7th Street, S.W. Apartment #626 Washington, D.C. 20024

EIGHTH: It is the intention that the objects, purposes and powers specified in the Fourth paragraph hereof shall, except where otherwise specified in said paragraph, be nowise limited or restricted by reference to or inference from the tenor of any other clause or paragraph in this certificate of incorporation, but that the objects, purposes and powers specified in the Fourth paragraph and in each of the clauses or paragraphs of this charter shall be regarded as independent objects, purposes and powers.

We, the undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true; and we have accordingly hereunto set our respective hands and seals.

Dated at January 19, 1987

Larry M. Amos [SEAL]
James M. Clouston [SEAL]

DISTRICT OF COLUMBIA, SS:

Be it remembered, That on this 17th day of Jan 1965
James M. Christian, and Cory M. Amron personally appeared befo
me Sheila M. Faller a notary public, parties to the
foregoing Certificate of Incorporation, known to me personally
to be such, and I having first made known to them and each of
them the contents of said Certificate, they did each severally
acknowledge that they signed, sealed and delivered the same as
their voluntary act and deed, and each deposed that the facts
therein stated were truly set forth.

Given under my hand and seal of office the day and year
aforesaid.



Sheila M. Faller
Notary Public

My Commission Expires June 30, 1965

Type of Report ☐ Preliminary ☒ Final ☐ Special ☐ Supplemental	City/State of Investigation Washington, DC Date of Report 2-22-82	DOL Program ETA Case Number 30-0578-0002
Subject b7C b6 ERNEST GREEN (Alleged improprieties in the awarding of ALEXIS HERMAN ETA contracts)	Reviewers' Initials WEJ Date Reviewed 2-22-82	
Special Agent William E. Zleit, RSAC, KC RIO	Regional Office Kansas City, MO	

1. This case was initially opened in March 1981 primarily as a result of information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, and ALEXIS HERMAN, former Director of the Women's Bureau, made contract awards without sufficient documentation to substantiate the awards prior to their leaving the DOL on January 21, 1981.

financial conflict of interest were received by OIG. This case has been given my personal attention and that of Inspector General THOMAS McBRIDE, Assistant Inspector General A.M. STATHAM, Chief of Investigations MICHAEL TREWORGY, and Special Agents

September 1981 and the present. Reference is made to the final report of SA dated May, 1981, and to the Special reports of SA dated 4-10-81, and the preliminary reports of SA dated 4/14/81, 5/1/81, 5/19/81, 6/1/81, 7/1/81, 8/3/81, 9/1/81 (amended by report dated 10-21-81) and 10-8-81 (revised 12/3/81) in the instant case.

2. On the afternoon of 2-10-82, RSAC WILLIAM E. ZLEIT and AIGI A.K. STATHAM discussed the results of the investigation with AUSA's David STANLEY and BISO of the District of Columbia USA's Office. At the conclusion of the conference, Mr. BISO and Mr. STANLEY advised they would confirm AUSA STANLEY's 2-10-82 declination to authorize prosecution of ERNEST GREEN

Attached is a copy of a letter from AUSA STANLEY dated 2-11-82 confirming that declination.

For Official Use Only

This report and attachments are the property of the Office of Inspector General, U.S. Department of Labor. Neither it nor its contents may be distributed outside this agency without headquarters approval.

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Also contained in the case file were some DOL ETA contract lists and contracts and ETA and SBA contractor files; computer print-out listings of contributors to the Democratic Presidential Campaign; Spring 1981 Memoranda and Reports of Interview of some DOL-ETA employees; late summer 1981 ROI's of some ETA Fed Reps;

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5. On or about October 8, 1981, supervision of the instant investigation was reassigned to SA _____. In mid-October SA _____ if the LA OI was assigned to assist SA _____ in the further development of the investigation at the National Office and former case Agent _____ was assigned to continue working on the case. SA's _____ New York OI Office; the Chicago OI Office, _____ of the Atlanta OI Office, _____ of the Dallas OI Office and _____ of the San Francisco OI Office continued in the coverage of previously directed auxiliary leads in their respective field office areas. In late October 1981 Auditors _____ were assigned to the investigation to assist in the organization, analysis and evaluation of financial records. ETA and SBA contract files with a focus on financial conflict and illegal gratuity aspects of the investigation. SA _____ was debriefed as to the precise status of development of the investigation as of October and compliance by financial institutions _____

Factual inaccuracies noted in OIG Form 104 Reports were appropriately amended and corrected.

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8. On October 20, 1981, ERNEST GREEN and LAMOND GODWIN were among the witnesses who appeared and testified at the U.S. Senate Labor and Human Resources Committee Hearing. Each submitted and read from prepared remarks before answering questions by Senators ORRIN G. HATCH, EDWARD M. KENNEDY and DON QUAYLE. Their testimony was generally to the effect that for the most part, contracts and grants with which they and the Office of National Program (ONP) of the Employment and Training Office (ETA) had contact in late 1980 and January 1981 had been "in the pipeline" for some time and had been approved by and processed through the DOL Steering Committee and that, with few exceptions, rather than issuing numerous last minute contracts, what in fact occurred in last weeks of their employment with DOL just prior to the January 1981 inauguration was the routine telegram and letter approval or confirmation of the previously received and processed contracts and grants. Mr. GREEN indicated that although he had the authority to award grants and contracts they were usually and appropriately awarded and approved by the Director of the Office of National Programs (ONP), LAMOND GODWIN or an authorized subordinate and that GREEN's involvement was limited for the most part to a routine review of pending contracts and grants as a member of the DOL Contract Steering Committee which had been formed earlier at the direction of former Secretary of Labor MARSHALL. Neither Mr. GREEN or Mr. GODWIN acknowledged any administrative impropriety nor criminal misconduct. Transcripts of the witnesses testimony before the Committee on 10-20-81 have just recently been obtained by OIG. In late October 1981, Senate investigators advised RSAC ZLEIT that they had developed no real evidence of criminal misconduct on the part of GREEN or GODWIN, had concluded their investigation and review of the matter, and had no substantive information to provide OIG RSAC ZLEIT.

9. As a result of the Senate, GAO, OIG-Audit and their own internal review of CETA funding and contract evaluation and monitoring procedures initiated in the Spring of 1981, ETA prepared and by Directive dated 12-23-81 actually put into effect, new contract review, evaluation and monitoring procedures. (See the attached capsule summary reported in the 1-7-82 Dailey Labor Report.) In view of the recent program attention given ETA's issuance of sole source contracts and contracting procedures by the above mentioned agencies and Assistant Secretary Angrisani's December 23, 1981 Directives and Procedures implementing GAO-Senate-OIG recommendations, an OI Investigative Memorandum containing recommendations to correct program weakness is considered unnecessary.

10. In October 1981 the focus of the investigation was shifted from contract procedure intelligence background gathering and the assimilation of information concerning the recent civilian business activity of former DOL employees ERNEST GREEN/ALEXIS HERMAN (GREEN HERMAN and ASSOCIATES) and redirected

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b3 11. In October and early November 1981, numerous present and former employee of the US DOL, primarily in Washington, DC, most of whom were not previously contacted, were interviewed.

Bankers and others were interviewed. Voluminous ETA and SBA contract and related files were closely reviewed for any indication that GREEN, HERMAN, their spouses, minor children, partners or organizations may have issued or been issued a contract or were otherwise involved in a personal financial conflict of interest in violation of 18 U.S.C. 208 or related violations. Witness folders and other folders were organized, prepared and labeled.

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b7c 12. Attorney who represented ERNEST GREEN and ALEXIS HERMAN, who had submitted to a limited interview on August 18, 1981 at the USA's office.

13. In October and November 1981 in response to requests from National Office OIG Audit personnel and Auditors on detail to the National Office the names of several CPA and consulting firm contractors were recommended to be considered for the appropriate OIG or OIG sponsored audit to include MEL HARRIS, GARRETT SULLIVAN CONSORTIUM (inclusive of MITCHELL TITUS), ONE AMERICA and others.

14. On 2-8-82 OI Chief of Investigations STEVE THOMAS, OI ETA Desk Director and SA ZLEIT reviewed the file folder containing numerous miscellaneous allegations of criminal and administrative misconduct which had been assigned to SA for administrative and investigative handling in October 1981. It was determined many had been fully handled in the course of the recent investigation or were without merit on their face. On 2-11-82, OI LMSA prepared and appropriately forwarded Special Reports to Regional OI offices, National Office audit and the SBA IG setting forth the available details concerning allegations of collateral matters of possible interest to those offices for their case opening and investigative consideration.

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16. On 2-11-82 OIG OLAP personnel were briefed as to the OI pre-Senate Hearing investigative activity regarding MEL HARRIS and Associates in the summer and early fall of 1981, and advised as were OIG auditors earlier, that the MEL HARRIS contract files and OI reports of interview regarding MEL HARRIS continue to be available for review by the audit staff supervising the MEL HARRIS audit requested by Senator HATCH. Additionally, the xeroxed ETA/SBA contract and procedure files and contract review and analyzation charts regarding other DOL and SBA 8a contractors assembled by OI investigators remain available for the review and assistance of OIG auditors.

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17. On 2-12-82, Commercial Litigation Branch Civil Division, U.S. Dept. of Justice, Washington, DC was briefed telephonically by RSAC ZLEIT as to the facts of the investigation and the declination of the criminal aspects of the case by the DC USA's Office.

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18. On 2-16-82 AUSA STANLEY advised he had recently telephoned Attorney who represents ERNEST GREEN, and told him prosecution had been declined as to GREEN.

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19. At the appropriate point in the future, ERNEST GREEN's original 1979, 1980, and 1981 Financial Disclosure Reports will be returned to the Government Ethics Office in WDC. original 1979-1981 Financial Disclosure Reports are being returned to the DOL OASAM Office at 200 Constitution from which they were obtained by SA in October 1981.

William E. Zleit
Regional Special Agent-

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Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report ☐ Preliminary ☒ Final ☐ Special ☐ Supplemental		City/State of Investigation Washington, DC		DOL Program ETA	
		Date of Report 5-7-81		Case Number OI-0524-0001	
Subject Ernest Green, Former Assistant Secretary, Employment & Training Admin.; Alleged impropriety in the awarding of ETA discretionary funds.		Reviewers' Initials			
		Date Reviewed			
Special Agent b7C		Regional Office Headquarters			

- Investigation was initiated upon information supplied by officials of the Employment and Training Administration that Mr. Green,

and Alexis Herman, former Director of the Women's Bureau were alleged to have made contract awards of ETAs funds during the final days of the Carter Administration without having sufficient documentation to substantiate such awards. This case has been given my personal attention with assistance from Special Agent _____ of the Arlington Field Office at Washington, D.C. during the period March 23, through April 14, 1981.

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- The scope of this investigation has been to secure additional information relative to allegations concerning ETA contracting during Mr. Green's tenure as Assistant Secretary, identify potentially suspect contracts requiring additional investigative follow-up by the appropriate field offices, and to gather information on the ETA contracting procedure to provide Field Offices with an understanding of the contracting process.
- Interviews of several witnesses both within ETA and those familiar with ETA operations through oversight responsibility e.g. Congressional employees, developed additional information beyond the initial allegations which indicated a potential for fraud, waste and abuse in connection with the awarding of ETA contracts. Specific allegations focused on such areas as favoritism in the awarding of contracts by Mr. Green to his former employer, RTP, Inc. and others;

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4. Employment and financial disclosure records of all prior top level DOL officials named by witnesses as having been associated in some fashion with the awarding of ETA contracts, were examined. Such records confirmed relationships prior to employment by the Department between Ray Marshall _____ Marshall and _____ Ernie Green and Alexis Herman. The financial records failed to disclose any discernable conflict of interests or significant income beyond Department salaries.
 5. This investigation was primarily concerned with CETA Title III contracts let by the Office of National Programs and CETA Title IV contracts let by the Office of Youth Programs. Normal procurement practices call for the program office to develop a contract package and procure the contract. ETA's contracting office then administers the contract to insure that the contracting terms are met.
 6. The majority of such contracts are let by sole source procurement and are not competitively bid. This is possible due to an exception from sole source procurement known as "Demonstrated Effectiveness". Under this exception contractors of proven ability need not re-bid on subsequent contracts. A complete description of the contracting process and the circumstances surrounding areas of interest to this investigation is contained in interviews of _____
_____ Mr. Goldberg.

7. This investigation has disclosed numerous questionable activities concerning ETA contracting. I recommend that copies of this report be provided to all Regional Special Agents-In-Charge for their consideration as to initiation of cases on subjects in their areas of jurisdiction with the Philadelphia Region being given responsibility to actively pursue the allegations pertaining to Mr. Green and other former ETA officials. I further recommend that those offices give consideration to all other allegations contained in this report and its attachments to avoid overlooking any potential areas of fraud, waste and abuse.

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Special Agent
Assistant Director
ETA Branch Investigations

Ex-CETA Official Denies Illegality Last-Minute Job Grants Probed

By Spencer Rich
Washington Post Staff Writer

When Assistant Labor Secretary Ernie Green returned to the Labor Department in November after seven weeks off as a paid consultant to the Carter-Mondale presidential campaign committee, he began churning out millions of dollars in post-election job training grants.

Many went to labor unions and civil rights groups. Some went to individuals and groups that supported President Carter. Some even went to Green's former firm, RTP Inc.

As assistant secretary for employment and training, Green had jurisdiction over the Comprehensive Employment and Training Act program (CETA). Most of CETA's \$8 billion budget goes to state and local governments for large areawide projects, but

there are a few hundred million dollars in "discretionary funds" that can be used for small individual grants in such areas as job training and placement, or for studies and experiments by community-based organizations.

Green had control over this money and in the next few months, he or aides worked assiduously at cranking out funding commitments.

Even on Friday Jan. 16, and then again on Monday Jan. 19, the day before President Reagan was sworn in, they were still at their desks sending out commitments.

Some of these grant commitments are now under review by the new administration and will be investigated by Senate Labor Committee Chairman Orrin G. Hatch (R-Utah). Green, however, said in an interview that "I

See GRANTS, A5, Col. 1

WASHINGTON POST
3-4-81

Spate of Last-Minute

GRANTS, From A1

did not do anything illegal," improper or even irregular. "I've got nothing to hide on it. I'd love to see anybody who's interested raise the questions."

Green said with regard to the last-minute nature of the approvals: "My view of the job was to see that these organizations could continue to operate long after we left office," because it was clear to him that the philosophy of the new administration was "not one of support" for the kinds of training and job programs that minorities need.

Documents obtained by The Washington Post under the Freedom of Information Act show that among recipients were many, like Jesse Jackson, the AFL-CIO, and the Steelworkers, Food and Commercial Workers and United Auto Workers unions, that had strongly backed the Carter-Mondale ticket in the 1980 campaign. Others, like the Martin Luther King Center for Social Change, the National Urban League and the National Council of Negro Women, involved people and groups with whom Green, the first black graduate of Arkansas' famed Little Rock High, was familiar from his days as a civil rights activist.

The documents show that in the last few weeks before Reagan took office, tens of millions of dollars in "discretionary fund" contracts were executed, including one for \$8.6 million on Dec. 31 to Green's former firm, RTP Inc., and \$2 million on Dec. 31 to Jesse Jackson's PUSH. On Jan. 16 and 18 alone, numerous contracts involving millions of dollars were executed.

In many cases where no contract had been negotiated, Green aides sent out a virtual blizzard of last-minute telegrams informing various applicants their requests for new funds or project renewals would be granted and they were permitted to spend a portion of the money until a contract could be negotiated and signed.

Labor Department officials said the normal way of granting money is to examine the project, negotiate a contract and then sign it and that it



ERNIE GREEN

... "There was no conflict"

side Lamond Godwin and others left office is unprecedented.

Here are examples of grants on which notices of approval went out in the last few days before Reagan took office:

Telegram commitments effective Jan. 12, \$199,200 to Athletes for Better Education and \$800,000 to the National Urban League; telegrams on Jan. 19, \$200,000 to Atlanta Junior College, \$176,000 to Benson Pernick, \$102,000 to Black Music Association, \$99,903 to Delta Sigma Theta, \$304,775 to National Council of Negro Women, \$700,000 to National Urban Coalition, \$423,767 to Headrest Inc., \$250,000 to National Council of Negro Women. And there are many more.

From November to Jan. 19, according to the records, at least 70 telegram commitments were made, totaling many millions of dollars. In the case of the Martin Luther King Center, according to an official, a request for \$200,000 was made. Officials said they would allow \$40,000 but no more until added documents justifying the project were submitted, but then without any further submissions a

CETA Grants Probed

consider that the documentation was too weak to support approval without substantial further study.

According to Labor Department records and current program directors, the many telegram commitments, coupled with contracts that were granted without having been included in the spending plans drafted earlier by the department, added up to more, by the time Green left office, than all the discretionary funds available for the entire fiscal year, which ends next Sept. 30. Normally, only about 80 percent of the funds are committed in the first few months of the fiscal year, officials said.

As of Jan. 22 the entire \$137 million allocation available for CETA Title III discretionary funds was used up and an additional \$7 million committed, according to one memorandum obtained under the Freedom of Information Act. On Title IV youth project funds, it appeared from the records that the planned \$165 million had been overcommitted by about \$25 million, about half to two-thirds as a result of the last-minute activities, officials said.

Records obtained under the information act also show that during the years Green was assistant secretary and in charge of CETA, fiscal 1978 to 1981, the New York firm he headed before coming to the department obtained about \$36.5 million in contracts or commitments from CETA to help place minority youths in construction training slots. The total includes about \$16 million for fiscal 1981, far more than any previous year and about quadruple what it had been getting in fiscal 1976.

Rumors about the flurry of last-minute telegrams and the large grants to RTP reached the Reagan transition team for the Department of Labor, were passed on to the new Secretary Ray Donovan and also were heard on Capitol Hill. The Labor Department is considering whether to cancel or renegotiate some of the commitments. Donovan, in a statement to The Washington Post, said, "We have been reviewing the situation. If there are violations of statutes, we will refer them to the U.S. attorney general."

Green, however, said all the approv-

als were for projects that had been previously okayed at least in concept by a special departmental committee consisting of himself and several other aides to then-secretary Ray Marshall. Moreover, he said there was full documentation to justify all approvals and if current officials say it was lacking in various places, "then they tore up the justification."

As for the grants to RTP, Green said, first, that since leaving it he has not had any financial connection to the nonprofit group, and, second, that department officers who had reviewed RTP's work judged "they were competent, doing an outstanding job." He also said all the RTP grants were cleared by the review committee. He said that other similar groups like the National Urban League, National Council of Negro Women and OIC Inc. had also received substantially increased grants over the years of the Carter administration because "we did pursue an effort to bring community-based organizations into the targeting."

"There was no conflict, no impropriety.... I don't have anything to do with RTP. RTP was doing contract work with the Labor Department when I got the appointment. They can stand or fall on their merits."

On the Jackson contract, Green said, "If anybody thinks the grant money to PUSH-Excel is a political payoff, he's crazy." He said the project, to teach minority youngsters how to seek jobs, was a two-year continuation of smaller grants given two years ago (which totaled about \$550,000).

Finally, he asserted and the Labor Department confirmed that when he left the department to work for the Carter campaign in New York for seven weeks, for which the Carter-Mondale committee paid him \$5,086, it was on the strength of a ruling by the solicitor and Justice Department that such a leave would be legal as long as he did not keep his government salary during the period. He produced canceled checks showing he had reimbursed the government for salary it had paid him during the leave period.

1) This case is based upon information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, made contract awards without sufficient documentation to substantiate the awards. This case has been given my personal attention with the assistance of Special Agents -

3) A review of all ETA contracts awarded from January 1, 1978 through March 24, 1981 was completed. The review provided a universe of forty five (45) suspect contractors involving approximately one hundred sixty (160) contracts totalling approximately three (3) billion dollars. The universe was comprised of twenty six (26) minority 8A contractors and nineteen (19) other companies located throughout the country. The 8A contractors were selected for review based on _____ assumed all control over the procurement process for 8A contractors. The remaining contractors were selected based on various allegations made by several ETA employees.

4) The initial thrust of the investigation was to gather as much data as possible relative to the contractors and subjects. This objective was accomplished by the use

_____ 3BA file reviews
and ETA files reviews. The ETA file reviews also reflected
any diversions from the normal procurement process.

6) Interviews were conducted at the NATIONAL COUNCIL OF NEGRO WOMEN (NCNW) and they revealed that a \$2,000 payment was made for a CETA training seminar organized by GREEN, HERMAN & ASSOCIATES. The testimony produced no evidence that the \$2,000 payment was related to GREEN or HERMAN's participation in awarding contracts to NCNW while they held positions at DOL.

7) Other leads are outstanding in Minnesota, Cleveland and New York.

8) It should be noted that the Senate Investigators are concentrating on whether a conflict of interest existed between contracts of GREEN, HERMAN & ASSOCIATES and contracts awarded by GREEN and/or HERMAN while they were employed at DOL.

b3 The Senate Investigators are investigating the activities of GREEN, HERMAN & ASSOCIATES through approximately August 1981.

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10) Specific transit item checks are being reviewed and follow-up record checks and interviews have been assigned.

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14) DOL records show MITCHELL, TITUS & CO. is a member of the GARRETT, SULLIVAN & CO., CPA consortium comprised of GARRETT, SULLIVAN & CO.; MITCHELL, TITUS & CO.; ASHBY & CO. and WATSON, RICE & CO., GARRETT, SULLIVAN & CO., was awarded in excess of \$8 million dollars in contracts while GREEN was Assistant Secretary.

15) MITCHELL, TITUS & CO., was awarded an \$80,000 contract in September 1980.

17) The ETA contract fed rep files and other files have been secured and an in depth review is being conducted.

b7c
Special Agent

Report of Special Agent

Type of Report ☒ Preliminary ☐ Final ☐ Special ☐ Supplemental (Amended Report) For 9-1-81		City/State of Investigation Washington, D.C.		DOL Program ETA	
		Date of Report October 21, 1981		Case Number 30-0578-0002	
Subject ERNEST GREEN (Alleged improprieties in the awarding of ALEXIS HERMAN . ETA contracts)		Reviewers' Initials	MS	ms	
		Date Reviewed	12/5/81	14/1/81	
Special Agent b7c		Regional Office Arlington Field Office, PA Region			

1) This case is based upon information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by

and ALEXIS HERMAN, former Head of the Women's Bureau. It is also alleged that GREEN, and HERMAN had a financial interest in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations. This case has been given my personal attention with the

through the present.

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Report of Special Agent

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Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type Report ☒ Preliminary ☐ Final ☐ Special ☐ Supplemental	City/State of Investigation Washington, D. C.		DOL Program ETA	
	Date of Report 9/1/81		Case Number 30-0578-0002	
Subject ERNEST GREEN (Alleged improprieties in the awarding of ETA contracts) ALEXIS HERMAN		Reviewers' Initials [Initials]		
		Date Reviewed [Date]		
Special Agent [Signature]		Regional Office Arlington Field Office, Philadelphia Region		

1) This case is based upon information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by [redacted] and ALEXIS HERMAN, former Head of the Women's Bureau. It is also alleged that GREEN and HERMAN had financial interest in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations. This case has been given my personal attention with the assistance of Special Agent [redacted] from March 20, 1981 through the present.

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8) A review of the ETA contract and fed rep files relative to GARRETT SULLIVAN & CO., and MITCHELL, TITUS & CO., indicate that an aggregate amount of over \$8 million in contracts and modification were awarded to the two (2) entities while GREEN was Assistant Secretary.

✓ 9) The ETA files also indicate that GREEN _____ exerted pressure on several ETA employees to award the initial contract and in awarding modifications. Several ETA employees will be interviewed during the next reporting period.

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11) The NATIONAL SHERATON HOTEL was contacted and their records indicate that GREEN, HERMAN & ASSOCIATES did conduct a training seminar at the hotel for the NATIONAL COUNCIL OF NEGRO WOMEN (NCNW). They furnished documentation indicating the dates and attendees of the training session which corroborates the statements made by _____ NCNW, that the \$2,000.00 payment to GREEN, HERMAN & ASSOCIATES was payment for a training session they conducted.

It is recommended that this case remain open and that a complete analysis of all loans to GREEN

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Special Agent

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7) It is recommended that this case remain open and that a complete in depth financial analysis be completed relative to each of the individuals.

b7C.

Special Agent

CAUTION: THIS PAGE
CONTAINS SECRET GRAND
JURY INFORMATION

Type of Report ☒ Preliminary ☐ Final ☐ Special ☐ Supplemental	City/State of Investigation Washington, D. C.	DOL Program ETA		
	Date of Report 7/1/81	Case Number 30-0578-0002		
Subject ERNEST GREEN (Alleged improprieties in the awarding of ETA ALEXIS HERMAN contracts)	Reviewers' Initials ECX			
	Date Reviewed 7/6/81			
Special Agent	Regional Office Arlington Field Office, Philadelphia Region			

This case is based upon information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by LAMOND GODWIN, former Director of ETA's Office of National Programs (ONP) and ALEXIS HERMAN, former Head of the Women's Bureau. It is also alleged that GREEN, GODWIN and HERMAN had financial interest in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations. This case has been given my personal attention with the assistance of Special Agent from March 20, 1981 through the present.

Since the last report, the investigation has progressed as follows:

1. All of the federal representatives (fed reps) involved in the administration of the contracts awarded to the forty five (45) contractors were interviewed. The interviews revealed no specific allegations relative to the awarding or administration of the contracts. Several fed reps stated that the "last minute" awarding of contracts was a result of a backlog of contracts in the pipeline.
2. A detailed analysis of the information and documentation secured by the review of the ETA contract files has been completed. The analysis is useful in organizing the voluminous amounts of documents to a workable system and in identifying individuals and entities involved in each of the contracts.
3. _____ NATIONAL COUNCIL OF NEGRO WOMEN (NCNW), _____ stated that the allegations of a "last minute giveaway" is the result of a racist newspaper article. _____ stated that the contracts awarded to NCNW were in the ETA pipeline for long periods of time and _____ furnished documentation so indicating.

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JURY INFORMATION

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It is recommended that this case remain open and that a complete in depth financial analysis be completed relative to each of the individuals.

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Special Agent

CAUTION

Type of Report ☒ Preliminary ☐ Final ☐ Special ☐ Supplemental	JURY INFORMATION City/State of Investigation Washington, D.C. DOL Program ETA
	Date of Report 3/1/81 Case Number 30-0578-0003
Subject ERNEST CREEN (Alleged improprieties in the awarding of ET ALEXIS HERMAN contracts)	Reviewers' Initials Date Reviewed
Special Agent b7c	Regional Office Arlington Field Office Philadelphia : erion

This case is based upon information supplied by ETA that ERNEST CREEN, the former Assistant Secretary of ETA, made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by

and ALEXIS HERMAN, former Head of the Women's Bureau. It is also alleged that CREEN, and HERMAN had financial interest in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations. This case has been given my personal attention with the assistance of Special Agent from March 20, 1981 through the present.

Since the last report, the investigation has progressed as follows:

1. A review of the ETA contract files relative to all contracts awarded to the forty five (45) contractors is complete. The review reveals the individuals involved in the negotiations and the awarding of the contracts for both ETA and the contractors, the background of the individuals, instances where other contractors contest the awarding of the contracts and various general information.
2. A detailed analysis of the information and documentation secured by the review of the ETA contract files is approximately 50% complete. The analysis is identifying the fed reps assigned to each of the contracts and is organizing the voluminous amounts of documents to a workable and useful system.

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It is recommended that this case remain open and that a complete in-depth financial analysis be completed relative to each of the individuals.

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Special Agent

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Type of Report ☐ Preliminary ☒ Special ☐ Final ☐ Supplemental	City/State of Investigation Washington, D. C. Date of Report 5/19/81 DOL Program ETA Case Number 30-0578-0002
Subject ERNEST GREEN (Alleged conflict of interest in awarding ALEXIS HERMAN ETA contracts)	Reviewers' Initials Date Reviewed
Special Agent b7c	Regional Office Arlington Field Office, Philadelphia Region

This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA;

and ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, i/or HERMAN in exchange for political and/or financial considerations.

It has been determined that GREEN and HERMAN have complete ownership of a consulting firm in Washington, D. C. GREEN, HERMAN and ASSOCIATES INC. was authorized to conduct business as a corporation in the District of Columbia on January 21, 1981.

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It is requested that a Special Agent photo-copies of all documentation relative to this subcontract. The secured documents should include but not be limited to all contracts, subcontracts and any other formal agreement entered into with GREEN, HERMAN and ASSOCIATES; a description of work to be performed; the names of individuals to perform the work; billing invoices; the front and back of the cancelled checks or other negotiable instruments that constituted payment etc.

The Special Agent should also interview relationship with GREEN and HERMAN. Attachment II is a suggested format to be used

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Thank you for your assistance in the matter. If further assistance is needed, please contact Special Agent at FTS 235-2420.

b7c
Special Agent

Type of Report ☐ Preliminary ☐ Final ☐ Special ☐ Supplemental		City/State of Investigation Washington, D. C.		DOL Program ETA	
		Date of Report 5/1/81		Case Number 30-0578-0002	
Subject ERNEST GREEN (Alleged improprieties in the awarding of ETA ALEXIS HERMAN contracts)		Reviewers' Initials b7c			
Special Agent b7c		Date Reviewed 5/6/81			
		Regional Office Arlington Field Office Philadelphia Region			

This case is based upon information supplied by ETA that ERNEST GREEN, the former Assistant Secretary of ETA, made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by

_____ and ALEXIS HERMAN, former Head of the Women's Bureau. It is also alleged that GREEN, _____ and HERMAN had financial interest in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations. This case has been given my personal attention with the assistance of Special Agent _____ from March 20, 1981 through the present. b7c

The investigation at this point concerns itself with a multitude of issues and allegations. The thrust of our investigative efforts at this point is to narrow the scope of the investigation by gathering as much data as possible relative to the contracts, contractors and subjects. Since the last report, the investigation has progressed as follows:

- 1) A review of the ETA contract files relative to all contracts awarded to the forty five (45) contractors is approximately 50% complete. The review reveals the individuals involved in the negotiations and the awarding of the contracts for both ETA and the contractors, the background of the individuals, instances where other contractors contest the awarding of the contracts, and various general information.
- 2) A computer printout was received from the Federal Election Commission (FEC) indicating the names and addresses of individuals who contributed in excess of \$200.00 to the CARTER/MONDLE Presidential Campaign. A more detailed review of the Political Activity Group Contributors has been initiated. The latter review will identify the companies who contributed to the campaign.

- 4) Third party interviews revealed that GREEN and HERMAN established a consulting firm in Washington, D.C. on January 21, 1981. GREEN, HERMAN & ASSOCIATES INC. is comprised of GREEN, HERMAN, EULA BINGHAM, (former Assistant Secretary of OSHA) and KAREN CLAUSS (former Solicitor). The Articles of Incorporation have been secured and they indicate that the entity was incorporated in the State of Delaware and has reciprocity in the District of Columbia.

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It is recommended that the gathering of pertinent information be continued in an attempt to identify more specific allegations in the case.

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Special Agent



Type of Report		City/State of Investigation		DOL Program	
☒ Preliminary	☐ Final	Washington, D. C.		ETA	
☐ Special	☐ Supplemental	Date of Report		Case Number	
		4/14/81		30-0578-0002 30-0578-0003 30-0578-0004	
Subject		Reviewers' Initials			
ERNEST GREEN (Alleged improprieties in the awarding of					
ALEXIS HERMAN ETA contracts)		Date Reviewed			
Special Agent		Regional Office			
b/c		Arlington Field Office Philadelphia Region			

This case is based upon information supplied by ETA that ERNEST GREEN the former Assistant Secretary of ETA made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by

_____ and ALEXIS HERMAN, former Head of the Women's Bureau.

It is alleged by several ETA employees that GREEN, _____ and HERMAN had financial interests in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations.

This case has been given my personal attention with the assistance of Special Agent _____ from March 20, 1981 through the present. The investigation has progressed as follows:

- 1) Several ETA employees have been interviewed to determine the normal course of action in awarding various types of contracts. The testimony received will assist in "targeting" contracts for a more specific review by showing diversions in the normal procurement process in the awarding of certain of the contracts.
- 2) A review of all ETA contracts awarded from January 1, 1978 through March 24, 1981 was completed. The review provided a universe of forty five (45) suspect contractors involving approximately one hundred sixty (160) contracts totalling approximately three (3) billion dollars. The universe is comprised of twenty six (26) minority (8A) contractors and nineteen (19) other companies located throughout the country. The 8A contractors were selected for review based on testimony that assumed all control over the procurement process for 8A contractors. The remaining contractors were selected based on various allegations made by several ETA employees.

- 3) A review of the ETA contract files relative to all contracts awarded to the forty five (45) contractors has been initiated. This review will reflect any diversions from the normal procurement process and will determine the individuals involved in the negotiations and the awarding of the contracts for both ETA and the contractors.
- 4) Investigative leads were sent to several Regional Offices to examine contractors 8A files at SBA and to secure photocopies of corporate charters. These leads will be instrumental in determining the ownership and control of the companies since the SBA files contain voluminous documentation relative to principals of the corporations, financial information regarding the principals, affiliated companies, the principals of the affiliated companies, etc.
- 5) A formal request was sent to the Federal Elections Commission (FEC) to secure a computer printout of major contributors to the CARTER/MONDALE Presidential Campaign. The printout will include the names and addresses of individuals and companies who contributed in excess of two hundred dollars (\$200.00). The printout will assist in determining if major contributors were awarded contracts during the final days of the CARTER Administration.

6.

The following is a summary of proposed action to be taken regarding this case:

1) -

- 2) A review of the fed rep files relative to each of the contracts will be completed subsequent to the review of the respective contract files. Each of the fed reps will be interviewed relative to the administration of the contracts. The review of the files and the testimony of the fed reps will indicate whether the fed reps were pressured to make certain decisions by a higher authority and/or whether their authority was circumvented in an attempt to favor certain contractors.

- 3) A determination as to whether we can "target" certain contracts and/or contractors must be made. An analysis of the data received from the aforementioned sources must be completed in an attempt to narrow the scope of the investigation.

In summary, the investigation at this point concerns itself with a multitude of issues and allegations. The thrust of our investigative efforts at this point is to narrow the scope of the investigation by gathering as much data as possible relative to the contractors and the subjects. It is imperative that we determine who are the principals of the corporations, who are their affiliates, who are their subcontractors, who are their employees etc. It is also imperative that we determine the interests of GREEN, HERMAN, by understanding what was and/or is their relationships with the contractors. Subsequent to making a determination as to whether or not a potential conflict of interest existed, our investigative efforts will be focused on specific contractors, contracts and allegations in an attempt to show that the subject(s) personally gained either monetarily or politically from the awarding of the contracts.

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Special Agent



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary	☐ Final	Washington, D.C.		ETA	
☒ Special	☐ Supplemental	Date of Report		Case Number	
		4/10/81		30-0578-0002 30-0578-0003 30-0578-0004	
Subject		Reviewers' Initials			
ERNEST GREEN (Alleged conflict of interest in awarding ALEXIS HERMAN ETA contracts)					
Special Agent		Date Reviewed			
		Regional Office			
		Philadelphia, Arlington Field Office			

This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA;

ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, and/or HERMAN in exchange for political and/or financial considerations.

It is requested that a Special Agent contact the local Small Business Administration (SBA) Office, 219 S. Dearborn Street, Room 437, Chicago Illinois 60604 (Tel # 353-4528) to review the contents of the 8A file maintained relative to:

- 1) JAMES H. LOWRY & ASSOCIATES
444 N. Michigan Avenue
Suite 810
Chicago, Illinois 60611

The review of the 8A file should include but not be limited to a determination as to the principals of the corporation, function or purpose of the corporation, names and addresses of subcontractors, names and addresses of affiliated companies, relationships with DOL or DOL Employees and any other information deemed pertinent. Photocopies of documentation reflecting the aforementioned information should be secured (ie. SBA Application Updates, Tax Returns, Corporate Charters, Lists of Potential Subcontractors, List of Employees Etc.) All documentation relative to DOL contracts should be photocopied.

It is also requested that a photocopy of the corporate charter be attained from the local courthouse if not contained in the SBA file.

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent _____ at FTS 235-2420.

Special Agent



Type of Report		City/State of Investigation		DOL Program	
☐ Preliminary ☐ Final ☒ Special ☐ Supplemental		Washington, D.C.		ETA	
Subject ERNEST GREEN (Alleged conflict of interest in awarding ALEXIS HERMAN ETA contracts)		Date of Report		Case Number	
		4/10/81		30-0578-0002 30-0578-0003 30-0578-0004	
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This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, former Assistant Secretary of ETA;
and ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, and/or HERMAN in exchange for political and/or financial considerations.

It is requested that a Special Agent contact the local Small Business Administration (SBA) Office, 26 Federal Plaza, Room 3100, N.Y.C (Tel# 264-4355) to review the contents of the 8A files maintained relative to the following contractors:

- 1) KAAREN JOHNSON & ASSOCIATES
515 Madison Avenue
Suite 402
N.Y.C 10022
- 2) CLARK, PHIPPS, CLARK & HARRIS INC.
60 E. 48 Street
N.Y.C 10028
- 3) LUCAS TUCKER & CO.
141 Livingston Street
Bkln, N.Y. 11201
- 4) MITCHELL TITUS CO.
2 Park Avenue
N.Y.C.

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The review of the 8A files should include but not be limited to a determination as to the principals of the corporations, size of the corporations, function or purpose of the corporations, names and addresses of affiliated companies, names and addresses of subcontractors, relationships with DOL or DOL employees and any other information deemed pertinent. Photocopies of documentation reflecting the aforementioned information should be secured (ie. SBA Applications, b

It is also requested that photocopies of the corporate charters be attained from the New York State Courthouse for each of the aforementioned corporations (if not attainable via SBA files) and for the following:

- 1) NATIONAL PUERTO RICAN FORUM INC.
450 Park Ave. South
N. Y. C. 10016
- 2) NATIONAL URBAN LEAGUE
500 E. Street
N. Y. C 10022
- 3) RECRUITMENT & TRAINING PROGRAMS INC. (RTP)
162 5th Avenue
N. Y. C. 10010

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent _____ at FTS 235-2420. b7c

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Special Agent

35-0278-0002

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FEDERA

Vol.17, No.36

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WASHINGTON

Senators Scan CETA 'Binge'

By SHEILA HERSHOW

Federal auditors have charged that senior Carter administration appointees shoveled millions into dubious Comprehensive Employment Training Act projects and capped off their Labor Department careers with a wild pre-Inauguration Day contracting binge.

During this final spending spree, Labor officials handed out 287 training grants and contracts worth more than \$115 million, General Accounting Office auditors said. Few records were kept to justify the awards.

If all the funds committed by the lame-duck appointees had been spent as planned, Labor would have broken its CETA budget by \$42 million, GAO said. This would have been a violation of the federal anti-deficiency law.

The GAO auditors leveled their criticisms of fast and loose CETA spending during a sometimes stormy hearing of the Senate Labor and Human Resources Committee. The senators also heard charges that former Labor Inspector General Marjorie Fine Knowles blocked a department investigation of possible fraud in a federal jobs program because she feared the audit would embarrass Washington.

(See CETA, Page 6)



— Staff Photo

FEDERAL AUDITOR Gerald W. Peterson, former inspector general at Labor, blocked an audit that could have embarrassed the D.C. ma-

Health Plans in Disarray As OPM Asks New Cuts

By BILL ANDRONICOS

An eleventh-hour effort by representatives of nine federal employee organizations to ward off an anticipated cancellation of this year's federal health program open season has collapsed

minute demand by the Office of Personnel Management that health benefits be slashed by another 6.5 percent.

OPM gave the carriers until 5 p.m. October 23 to cut benefits beyond the ten percent average

would be dropped from the federal Employee Health Benefits (FEHB) program.

The turmoil and rounding health benefits — coupled with expected rising health insurance

(From Page 1)

D.C., Mayor Marion Barry, a Democrat.

In an opening statement, Chairman Orrin G. Hatch, R-Utah, said that CETA "was in many ways brought into disrepute" by widespread waste and abuse. As a result, the poor people the program was supposed to train and employ "were deprived of the intended assistance," he said.

Sen. Edward M. Kennedy, D-Mass., ranking minority member of the committee, said he was deeply troubled by reports that Labor officials who squandered millions on questionable "last-minute contracts . . . have benefitted personally from these awards since leaving the government." But he said he would reserve judgment until the committee hears from "all those who may be accused today." F. Ray Marshall, Labor secretary under Carter, should also be called for questioning, Kennedy said.

The committee's first witness, Gerald W. Peterson, former chief auditor at Labor, testified that in July 1979 then-Inspector General Knowles ordered him to drop his plans to investigate Youth Pride Inc., a CETA-funded program in Washington, D.C. He said that Knowles told him it "is not too smart" to probe Youth Pride because "the mayor's [Marion Barry] inauguration parade started at Pride" and "he's still closely related to it."

Barry was a founder of the black self-help organization in 1967 and later used it as a platform to launch his political career. He withdrew from direct involvement with Youth Pride in January 1975.

In late 1979 a real-estate spinoff of Youth Pride, headed by Barry's former wife, Mary Treadwell, became the target of investigations for allegedly diverting \$600,000 in federal funds.

At the time Peterson proposed the audit, Youth Pride had received more than \$20 million in federal funds. He told the committee that he selected the program for a special fraud investigation because certified public accounting firms had complained that Youth Pride's sloppy books and records rendered it "inauditable."

Peterson, now chief auditor at the Agriculture Department, said that, during his 10 years as director of audits at Labor, the Youth Pride investigation "was the only case that was ever turned down."

Kennedy strongly objected to Peterson's testimony. He said that the committee should not air serious allegations that Knowles was involved "in some kind of coverup" without inviting her to testify.

And he said the Justice Department had reviewed Peterson's accusations against Knowles and found no grounds for criminal prosecution. He said the "committee's credibility" would be damaged by raking up stale and discredited charges.

Federal Times has obtained a copy of the Justice Department's investigation of Knowles. In that report, Lawrence D. Beck, a Public Integrity Section lawyer, said he found "general agreement that Peterson's allegations are extremely likely to be true."

"Virtually all indications of reliability would point to the conclusion that Peterson's recollections of the conversation with Knowles [are] accurate. But . . . there does not appear to be any violation of federal obstruction of justice statutes . . .

"It would appear that Marjorie Knowles is guilty of inappropriate political sensitivity . . . [which]

ued put . . . service but does not form an adequate basis for criminal prosecution," Beck wrote.

The committee's next witness, Labor Inspector General Thomas F. McBride, disclosed that a federal grand jury is currently investigating the flood of CETA contracts and grants awarded by departing Labor officials in the last four months of the Carter administration. He said that two of these CETA-funded companies later formed business relationships with Green-Herman Associates, a consulting firm set up by Ernest Green after he resigned as assistant Labor secretary for employment and training.

Green personally approved many of the eleven-hour CETA contracts and grants. In testimony before the Senate panel, he said that the transition period awards "were not only made in complete accord with the law, but they were the product of checks and balances established within the department."

Hatch asked Green why his lawyer had incorrectly told the committee that Green-Herman Associates had never received money from a Labor Department prime or subcontractor. Hatch reminded Green that Green-Herman Associates had "executed a consulting subcontract . . . for the sum of \$75,000" almost three months before the firm's lawyer assured the committee that there were no such agreements.

Green replied that he and his lawyer had been confused about the information the committee was requesting. He said his company was not trying to hide the consulting subcontract.

One of the controversial awards approved by Green in the days before the Reagan inauguration was a \$20,000 contract to Dr. Benson E. Penick, Washington researcher who proposed to study job prospects for disadvantaged teen-aged mothers.

Green ignored the advice of Frank Slobig, a youth programs contracting officer, who called the Penick proposal an ill-considered "mish-mash." GAO later found that Penick had submitted "highly questionable" bills to Labor.

Questioned by Hatch, Slobig said the Penick contract was "an aberration" in an otherwise "responsive, efficient, professional" funding program. He said he was sorry to see the Reagan administration "winding down . . . all that we have wrought."

On the day before the hearing, Slobig, along with other Employment and Training Administration employees, received a general reduction-in-force notice. He bitterly told the committee that the federal jobs program had shifted from being the \$2 billion "darling of the previous administration" to its current status as a zero-funded target for annihilation.

"We are the quintessential example of the fools that feel they've been ying-yanged . . . It seems to me no one above us either knows what we do or cares. The mentality I've had to work under during the nine months is 'a decision deferred is a decision saved,'" Slobig said.

Kennedy described Slobig's defense of CETA as "eloquent."

A GS-14 with 10 years of service at Labor and "kids and a wife to support," Slobig predicted that he would be fired as part of the dismantling of the CETA program. During a break in the proceedings, he reported that the Hatch committee staff had focused on "nickel and dime stuff" in an attempt to make the CETA program look bad.

Asked his opinion of the hearing, Slobig said "I think it stinks."

— some are still waiting. The problem with this "ostrich" approach to RIF is that the chickens eventually come home to roost. Large numbers of people will lose their jobs as agencies try to catch up to their RIF needs all at once."

While actual firings only slightly exceeded projections worked up this spring, task force statistics collected from agency personnel files indicate that the indirect cost of RIF actions is far more severe.

Focusing on the Transportation Department, where 333 employees were fired as of October 1, the panel's report shows that over 10 other workers were also discharged or affected by the RIF. Ac-

te. But he warned that if TCO does not end the illegal strike within five days, he would switch his vote and concur with the colleagues' decision to put the 10-year-old union out of business.

Before the FLRA ruling was announced, PATCO President Albert E. Poli and PATCO lawyer Richard Leighton said they would ask the U.S. Court of Appeals to overturn any decision barring the union from representing federal workers. Leighton also said he would also ask the appeals court to stay the FLRA revocation order.

In oral arguments before the FLRA board last September, lawyers for FAA and the FLRA general counsel's office urged the board to permanently prohibit TCO from representing federal employees.

Instead, the FLRA members ruled that it is "wholly unnecessary to address the question of whether, at some unspecified time in the future, PATCO or some successor organization may meet the definition of a labor organization" and be entitled to federal recognition status.

The FLRA order marks the first time the government has barred a union from representing federal workers. The decision permits controllers to choose a new union.

Under President Reagan's order, government officials have refused to bargain with PATCO since the August 3 walkout.

In their ruling FLRA members Henry B. Frazier III and Leon B. Applewhite said that PATCO's nationwide strike was a "willful and intentional violation" of federal law.

—HERSHOW.

GAO: Carter Labor Dept. Spent

By Howie Kurtz
Washington Post Staff Writer

Labor Department officials, rushing to hand out lucrative contracts in the final days of the Carter administration, awarded millions of dollars for projects they knew little or nothing about, federal auditors have concluded.

The officials pushed through dozens of last-minute contracts — many of them for unions and companies in the Washington area — even though some of these groups had performed poorly, according to an unreleased report by the General Accounting Office, Congress' watchdog agency.

The report, requested by Sen. Orrin G. Hatch (R-Utah), chairman of the Senate Labor and Human Resources Committee, said the Carter officials did not follow good management procedures in awarding 287 training grants and contracts worth more than \$115 million during their last four months in office. Some of these so-called "midnight specials," awarded under the Comprehensive Training and Employment Act (CETA), already have been canceled by the Reagan administration.

Many of the contracts went to unions and other groups that had actively supported Jimmy Carter's reelection drive. Glenn Northup, an official with the National Retired Teachers Association here, which received some of the last-minute grants, said he believed that the Carter appointees "wanted to continue to help their friends. That's politics, the way it's been ever since I've been in Washington. Only this was absurdly blatant. It would appear to me to be quite unethical, but not illegal."

The Labor Department's inspector general is investigating the way the money was awarded to determine whether there were any criminal violations. Hatch also plans to hold hearings on the matter.

Ernest Green, who directed the 11th-hour flurry of awards as assistant secretary of labor for employment and training, said he could not



SEN. ORRIN HATCH

The report, requested by Sen. Orrin G. Hatch, said the Carter officials did not follow good management procedures in awarding 287 training grants and contracts worth more than \$115 million during their last four months in office.

respond to the allegations because he hasn't seen the GAO report. "Nothing was done that was illegal or improper," he said. "We did everything within the rules and procedures of the law."

Green, now a private consultant, said he knew nothing of a GAO contention that his office would have overspent its CETA budget by at least \$42 million, which would be a violation of law. "This is an issue that is before GAO, the inspector general and the Justice Department," he said.

Green returned to the Labor Department last November after a seven-week stint as a paid consultant to the Carter-Mondale campaign committee. During their last four months in office, Green or his aides sent 70 telegrams to potential contractors, telling them to go ahead and start spending money on CETA

contracts that would be made later. This compares with such telegrams sent during fiscal 1979, GAO said.

On Jan. 15, 1981, for example, Green's office notified Dr. I. Penick, a Washington contractor, that he could spend \$20,000 on a proposal to train job prospects of disadvantaged mothers. But the Labor Department's own contract award, GAO said, because the proposal was deemed too vague, objectives found to be "a ... of services." GAO also said Penick had submitted bills that were "highly questionable."

Reagan officials canceled the contract in April, but they paid Penick \$27,953 for the work done. Penick did not return the calls.

Carterite funneled CETA funds even after Reagan won election

turned to the Labor department last November after seven weeks as a paid consultant. Carter-Mondale presidential campaign committee, he began turning out millions of dollars in post-election training grants. Many went to labor unions and established civil rights groups. Some went to individuals and groups that supported President Carter. Some went to Green's former firm, RTP Inc. As assistant secretary of employment and training, Green had jurisdiction over the comprehensive employment and training program (CETA). Most of CETA's budget goes to state and local govern-

ments sending out commitments.

Some of these grant commitments are now under review by the new administration and will be investigated by Senate Labor Committee Chairman Orrin G. Hatch, R-Utah. Green, however, said in an interview that "I did not do anything illegal," but proper or even irregular. "I've got nothing to hide on it. I'd love to see anybody who's interested raise the questions."

Green said with regard to the last-minute nature of the approvals: "My view of the job was to see that these organizations could continue to operate long after we left office," because it was clear to him that the

the National Council of Negro Women, involved people and groups with whom Green, the first black graduate of Arkansas, famed Little Rock High, was familiar from his days as a civil rights activist.

The documents show that in the last few weeks before Reagan took office, tens of millions of dollars in discretionary fund contracts were executed, including one for \$8.6

million on Dec. 31 to Green's former firm, RTP Inc. and a grant to Jesse Jackson's PUSH. On Jan. 16 and 17 alone, numerous contracts involving millions of dollars were executed.

were permitted to spend commitments sent out Jan. 12, \$199,200 to Atlanta for Better Education; \$423,767 to Headrest, Inc.; \$250,000 to National Council of Negro Women; \$50,000 to the National Urban Coalition; \$175,000 to Benson Pen- sion Jan. 12, \$800,000 to Black the National Urban

unprecedentedly. Here are examples of grants on which notices

Jan. 12, \$199,200 to Atlanta for Better Education; Jan. 12, \$200,000 to Atlanta Junior College; Jan. 12, \$102,000 to Black

national Urban Coalition, records, at least 70 telegrams, on Jan. 12, \$800,000 to Black the National Urban

gram commitments were made, totaling many millions of dollars. In the case of the Martin Luther King Center, according to an official, a request for \$200,000 was

but then without any further submissions; a telegram was sent out okaying the whole

See GRANTS on Page 31

such areas as job training and placement, for studies and experiments by community-based organizations. Green had control of this money and the next few days he or aides acted assiduously

by the Freedom of Information Act show that among recipients were many like Jesse Jackson, the AFL-CIO, and the Steelworkers, Food and Commercial Workers and United Auto Workers unions.

contract consider that the documentation was too weak to support approval without sub-

been including in the spending plans drafted earlier by the department, added up to more,

committed in the first few months of the fiscal year, officials said.

On CETA Title III dis-

under the Freedom of Information Act. On Title IV youth project funds, it appeared from the records that the planned \$165 million

Records obtained under the Freedom of Information Act also show that during the years while Green was assistant secretary and in

minority youths in construction training slots, obtained about \$36.5 million in contracts or grants to RTP reached commitments from CETA, including about \$16 million for

flurry of last-minute telegrams and the large in a statement to The Washington Post, said, "We have been reviewing the situation. If there are violations of

"we did pursue an effort to bring community-based organizations in the targeting. There was no conflict, no impropriety, I don't have anything

at least in concept by a special departmental committee consisting of himself and several other aides to then Secretary Ray Marshall. Moreover, he said there was full documentation to justify all approvals and if current officials say it was lacking in various places, then they tore up the justification.

As for the grants to RTP, Green said first that since leaving the department he hasn't had any financial connection to the non-profit group, and that department officers who had reviewed RTP work judged that they were competent doing an outstanding job. He also said all the RTP grants were

tract, Green said, "anybody thinks the grant money to PUSH Excel is a political payoff, he's crazy." He said the project, to teach minority youngsters how to seek jobs, was a two-year continuation of smaller grants given two years ago (which totaled about \$550,000). Finally, he asserted, and the Labor Department confirmed that when he left the department to work for the Carter campaign in New York for seven weeks for which the Carter Mondale committee paid him \$5,088, it was on the strength of a ruling by the solicitor and Justice Department that such a leave would be legal as long as he didn't

increased grants over the years of the Carter administration because

Type of Report		City/State of Investigation		DOL Program	
☒ Preliminary ☐ Final ☐ Special ☐ Supplemental		Washington, D. C.		ETA	
Subject ERNEST GREEN (Alleged improprieties in the awarding of ALEXIS HERMAN ETA contracts)		Date of Report		Case Number	
		4/14/81		30-0578-0002 30-0578-0004	
Special Agent <i>b7c</i>		Reviewers' Initials			
		Date Reviewed		4-29-81	
		Regional Office Arlington Field Office Philadelphia Region			

This case is based upon information supplied by ETA that ERNEST GREEN the former Assistant Secretary of ETA made contract awards without sufficient documentation to substantiate the awards. The activity is alleged to have occurred during the evening hours of January 19, 1981 and lasted until the early morning hours of January 20, 1981. He is alleged to have been assisted by National Programs (ONP) and ALEXIS HERMAN, former Head of the Women's Bureau.

It is alleged by several ETA employees that GREEN, _____ and HERMAN had financial interests in some of the companies to whom contracts were awarded; that they formed a consulting firm and have been receiving funds by subcontracting from certain of the companies and that certain of the contracts were awarded for political considerations.

This case has been given my personal attention with the assistance of Special Agent _____ from March 20, 1981 through the present. The investigation has progressed as follows:

- 1) Several ETA employees have been interviewed to determine the normal course of action in awarding various types of contracts. The testimony received will assist in "targeting" contracts for a more specific review by showing diversions in the normal procurement process in the awarding of certain of the contracts.
- 2) A review of all ETA contracts awarded from January 1, 1978 through March 24, 1981 was completed. The review provided a universe of forty five (45) suspect contractors involving approximately one hundred sixty (160) contracts totalling approximately three (3) billion dollars. The universe is comprised of twenty six (26) minority (8A) contractors and nineteen (19) other companies located throughout the country. The 8A contractors were selected for review based on testimony that GODWIN assumed all control over the procurement process for 8A contractors. The remaining contractors were selected based on various allegations made by several ETA employees.

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- 3) A review of the ETA contract files relative to all contracts awarded to the forty five (45) contractors has been initiated. This review will reflect any diversions from the normal procurement process and will determine the individuals involved in the negotiations and the awarding of the contracts for both ETA and the contractors.
- 4) Investigative leads were sent to several Regional Offices to examine contractors 8A files at SBA and to secure photocopies of corporate charters. These leads will be instrumental in determining the ownership and control of the companies since the SBA files contain voluminous documentation relative to principals of the corporations, financial information regarding the principals, affiliated companies, the principals of the affiliated companies, etc.
- 5) A formal request was sent to the Federal Elections Commission (FEC) to secure a computer printout of major contributors to the CARTER/MONDALE Presidential Campaign. The printout will include the names and addresses of individuals and companies who contributed in excess of two hundred dollars (\$200.00). The printout will assist in determining if major contributors were awarded contracts during the final days of the CARTER Administration.

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The following is a summary of proposed action to be taken regarding this case:

- 1) Request a transcript from General Service Administration (GSA) which will indicate all commercial FTS telephone calls made from the FTS lines of GREEN, _____ and HERMAN.

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This information will enable us to determine if GREEN, _____ and/or HERMAN had personal contact with any of the selected forty five (45) contractors and/or their principals. It can also potentially assist in identifying the subjects' alleged consulting firm.

- 2) A review of the fed rep files relative to each of the contracts will be completed subsequent to the review of the respective contract files. Each of the fed reps will be interviewed relative to the administration of the contracts. The review of the files and the testimony of the fed reps will indicate whether the fed reps were pressured to make certain decisions by a higher authority and/or whether their authority was circumvented in an attempt to favor certain contractors.

- 3) A determination as to whether we can "target" certain contracts and/or contractors must be made. An analysis of the data received from the aforementioned sources must be completed in an attempt to narrow the scope of the investigation.

In summary, the investigation at this point concerns itself with a multitude of issues and allegations. The thrust of our investigative efforts at this point is to narrow the scope of the investigation by gathering as much data as possible relative to the contractors and the subjects. It is imperative that we determine who are the principals of the corporations, who are their affiliates, who are their subcontractors, who are their employees etc. It is also imperative that we determine the interests of GREEN, HERMAN, by understanding what was and/or is their relationships with the contractors. Subsequent to making a determination as to whether or not a potential conflict of interest existed, our investigative efforts will be focused on specific contractors, contracts and allegations in an attempt to show that the subject(s) personally gained either monetarily or politically from the awarding of the contracts.

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Special Agent

Office of Inspector General
Report of Special Agent

U.S. Department of Labor



Type of Report ☐ Preliminary ☐ Final ☒ Special ☐ Supplemental		City/State of Investigation Washington, D.C.		DOL Program ETA	
Subject ERNEST GREEN (Alleged conflict of interest in awarding ETA contracts) ALEXIS HERMAN Special Agent		Date of Report 4/10/81	Case Number 30-0578-0002 30-0578-0003 30-0578-0004		
		Reviewers' Initials			
		Date Reviewed	4/13/81		
		Regional Office Philadelphia, Arlington Field Office			

This request relates to the alleged conflict of interest in awarding contracts through the CETA, Office of National Projects (ONP), by ERNEST GREEN, and ALEXIS HERMAN, former director of the Women's Bureau. It is alleged that preferential treatment was extended to certain contractors by GREEN, and/or HERMAN in exchange for political and/or financial considerations.

It is requested that a Special Agent contact the Regional Small Business Administration (SBA) Office, 1375 Peachtree Street, N.E., 5th Floor Atlanta, Georgia 30367 to review the contents of the 8A files maintained relative to the following contractors:

- 1) GARRET/SULLIVAN & ASSOCIATES
1075 Parrish Street
Durham, N.C.
- 2) F & E CONSTRUCTION & CO.
2533 E. Glenwood Avenue
Knoxville, Tennessee 37917

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The review of the 8A files should include but not be limited to a determination as to the principals of the corporations, size of the corporations, function or purpose of the corporations, names and addresses of affiliated companies, names and addresses of subcontractors, relationships with DOL or DOL employees and any other information deemed pertinent. Photocopies of documentation reflecting the aforementioned information should be secured (ie. SBA Applications, Application Updates, Tax Returns, Corporate Charters, Lists of Potential Subcontractors, List of Employees, etc.). All documentation relative to DOL contracts should be photocopied.

It is also requested that photocopies of the corporate charters be attained from the locate Courthouse if they are not contained in the SBA files.

Thank you for your assistance in this matter. If further assistance is needed, please contact Special Agent _____ at FTS 235-2420. b7c


Special Agent