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Office of Inspector General

Investigative Report

230629-01

September 5, 2023

Chris Hirst, Inspector General

Enhancing Public Trust in Florida's Affordable Housing

**Office of Inspector General
Investigative Report
Case Number 230629-01**

INTRODUCTION

On June 29, 2023, the Florida Housing Finance Corporation (Florida Housing) Office of Inspector General received a written complaint (exhibit 1) from Jessica Cherry¹, Managing Director² of Operations (complainant), alleging a hostile work environment and harassment by Michael DiNapoli, Executive Director (subject) of Florida Housing. The Office of Inspector General initiated an investigation based on the information provided.

During the course of the investigation, the Office of Inspector General expanded the scope of the investigation to include additional issues that were disclosed.

ALLEGATIONS

It is alleged that the subject engaged in inappropriate workplace behavior and created a hostile work environment through harassment of female staff. If supported, the allegations would constitute a violation of one or more of the following governing directives:

- Title VII of the Federal Civil Rights Act of 1964
- The Florida Civil Rights Act, Chapter 760, Florida Statutes
- Florida Housing Policy# 2.11, Preventing Workplace Sexual Harassment and Discrimination
- Florida Housing Policy# 6.01, Maintaining a Professional and Respectful Workplace

The additional issues that were disclosed would constitute a possible violation of one or more of the following governing directives:

- Florida Housing Policy #2.01, Code of Ethics General Provisions
- Florida Housing Policy #2.02, Conflicts of Interest
- Florida Housing Policy #2.06, Outside Employment and Contractual Relationships
- Florida Housing Policy #3.02, Employee Selection

CONCLUSION DEFINITIONS

- Supported is defined as a conclusion of fact where there is sufficient evidence to justify a reasonable conclusion that the actions occurred and where there were violations of law, policy, rule, or contract to substantiate the allegation.
- Not supported is defined as a conclusion of fact where the evidence does not substantiate the allegation.

INTERVIEWS/BACKGROUND

Complainant

- A sworn recorded, in-person interview was conducted on July 5, 2023

¹ On August 28, 2023, Ms. Cherry submitted her resignation, effective September 8, 2023.

² Managing Director is defined as a member of Florida Housing's Senior Management Team.

Subject

- A sworn recorded, in-person interview was conducted on August 15, 2023. Also present during the interview was the subject's attorney, Michael Mattimore of Allen, Norton, & Blue, P.A.

Witnesses

- A sworn recorded, in-person interview was conducted with Katie Coxwell, Legislative Coordinator on July 6, 2023, and July 12, 2023³
- A sworn recorded, in-person interview was conducted with Jenny Marshall, Contract Administrator on July 6, 2023
- A sworn recorded, in-person interview was conducted with David Westcott, Managing Director of Homeownership Program on July 6, 2023
- A sworn recorded, in-person interview was conducted with David Hearn, Chief Information Officer on July 6, 2023
- A sworn recorded, in-person interview was conducted with Melissa Levy, Managing Director of Multifamily Programs on July 6, 2023
- A sworn recorded video conferenced interview was conducted with Blair Waggoner, a former HORNE⁴ employee on July 11, 2023
- A sworn recorded, in-person interview was conducted with Angie Sellers, Chief Financial Officer on July 12, 2023, and August 21, 2023
- A sworn recorded, in-person interview was conducted with Laura Cox, Managing Director of Asset Management and Guarantee Program on July 13, 2023
- A sworn recorded, in-person interview was conducted with Ed Pilote, Project Management Administrator on July 13, 2023
- A sworn recorded, in-person interview was conducted with Amanda Prater, Managing Director of Government Relations and External Affairs on July 13, 2023, and August 16, 2023
- A sworn recorded, in-person interview was conducted with Quinn Coxetter, Executive Assistant on July 13, 2023, and August 16, 2023⁵
- A sworn recorded, in-person interview was conducted with Melanie Weathers, Finance Director on July 13, 2023
- A sworn recorded, in-person interview was conducted with Marisa Button, Managing Director of Strategic Initiatives on July 13, 2023
- A sworn recorded, in-person interview was conducted with Megan Ah Sam, Director of Special Projects on July 13, 2023, and August 16, 2023
- A sworn recorded, in-person interview was conducted with Caroline Benson, Press Secretary on July 14, 2023
- A sworn recorded, in-person interview was conducted with Ana McGlamory, Paralegal/Corporation Clerk on July 14, 2023
- A sworn recorded, in-person interview was conducted with Bill Aldinger, Managing Director of Policy and Special Programs on July 17, 2023
- A sworn recorded, in-person interview was conducted with Betty Zachem, Interim General Counsel⁶ on July 18, 2023

³ The Office of Inspector General conducted a follow-up interview with Ms. Coxwell who voiced concerns over her original interview and felt she had not answered all the questions to the best of her ability. Ms. Coxwell stated she had additional things she wanted to discuss.

⁴ HORNE is a professional services firm which subcontracted with Department of Economic Opportunity (DEO) through North Highland, a consulting firm.

⁵ The follow up interview on August 16, 2023, was a sworn, non-recorded in-person interview.

⁶ Ms. Zachem was the interim General Counsel during the time of the complaint and investigation. Ms. Zachem resigned from Florida Housing effective August 17, 2023.

- A sworn recorded, in-person interview was conducted with Van Gattel, Data Management Director on July 25, 2023
- A sworn recorded, in-person interview was conducted with Lenard Randolph, Multifamily Programs Manager on July 26, 2023
- A non-sworn recorded telephonic interview was conducted with Linda Figueroa a former HORNE employee on July 27, 2023
- A sworn non-recorded video conferenced interview was conducted with Hugh Brown, former General Counsel on August 17, 2023

EXHIBITS

1. Copy of the complaint dated June 29, 2023
2. Copy of multiple recorded interviews in electronic format
3. Copy of Mr. DiNapoli's policy acknowledgement form
4. Copy of Mr. Brown's ethics spreadsheet
5. Copy of Ms. Zachem's conflict of interest opinions
6. Copy of House Bill 3 and notification emails
7. Copy of emails regarding the sale of The Walt Disney Company Bond

EXECUTIVE SUMMARY

From July 5, 2023, to August 29, 2023, the Office of Inspector General conducted interviews and reviewed extensive documentation/records pertaining to the allegations and related issues disclosed during the course of the investigation. As a result of this investigation, the Office of Inspector General determined that the allegation of inappropriate workplace behavior, a violation of Florida Housing Policy #6.01 Maintaining a Professional and Respectful Workplace, against Mr. DiNapoli, was **Supported**. The allegation of hostile work environment through harassment of female staff, a violation of Title VII of the Federal Civil Rights Act of 1964; Florida Civil Rights Act; and Florida Housing Policy #2.11 Preventing Workplace Sexual Harassment and Discrimination, against Mr. DiNapoli, was **Not Supported**.

Regarding the additional issues disclosed, the Office of Inspector General concluded that the issue of serving on the First Housing Board⁷, a violation of Florida Housing Policy #2.02 Conflicts of Interest and Florida Housing Policy #2.06 Outside Employment and Contractual Relationships, against Mr. DiNapoli, was **Supported**. The issue of selling a bond at a loss for non-pecuniary reasons, a violation of Florida Housing Policy #2.01 Code of Ethics General Provisions, against Mr. DiNapoli, was **Supported**.

The issue of Florida Housing not following its own hiring policies during the subject's appointment to the position of Executive Director, a violation of Florida Housing Policy #3.02 Employee Selection was **Supported**.

FINDINGS/CONCLUSIONS

Allegation 1: The subject engaged in inappropriate workplace behavior.

The allegation, if supported, would constitute a violation of Florida Housing Policy# 6.01, Maintaining a Professional and Respectful Workplace

The complainant alleged in the written complaint and through the interview the following issues related to inappropriate workplace behaviors:

- Yelling or screaming at staff members

⁷ First Housing Development Corporation mobilizes capital to finance multifamily housing for individuals and families of all income levels.

- Talking over or interrupting staff members
- Making sexist or misogynistic comments
- Making inappropriate comments about weight
- Threatening staff members' jobs

Findings:

The written complaint listed examples about this behavior experienced by other staff members. In the complainant's interview, she provided further information of these instances as well as additional examples of inappropriate behavior she personally experienced or witnessed from the subject. The examples in substance are as follows:

- The subject yelling and being aggressive which was categorized as "abusive" in nature.
- The complainant met with the subject to address his behavior towards other staff members. The complainant informed the subject that he can't treat people the way he was treating them and to "take it down a notch." The subject's response to this counseling was that staff were mad because he was making changes and his "personality is his personality."
- When the complainant counseled the subject regarding the policy of inappropriate workplace behavior,⁸ which includes talking over individuals as an example, the subject responded by asking why there would be a policy that prohibits people from talking over people.
- The complainant stated the subject seems to have a problem with people who are overweight.
- The subject stated that the reason his wife quit her job was because she "got hurt lifting F**king 400-pound fat people off the toilet."
- The subject told the complainant that "everyone is replaceable."
- When the complainant was instructed to "fire" the General Counsel, she tried to speak to him about offering the option to resign since he was a long-time employee. She provided the subject examples and a spreadsheet of previous employment separations where resignation or severance was offered, the subject became "furious."

Additionally, the complainant stated that the previous General Counsel, Hugh Brown, spoke with the subject regarding some sexist and misogynistic comments made in an all-staff meeting. Mr. Brown told the complainant that the subject stated people were mad because of the "woke agenda."

The complainant stated her interactions with the subject are that "he knows the absolute most about any possible subject;" "he definitely does not want you to tell him he is wrong;" "he doesn't want your opinion on anything;" "he doesn't ask your opinion on anything;" and "he makes the decisions at a micro level." The complainant explained that the subject gets very upset about things when something was done wrong; however, the subject never tells staff how he wants it done or what right looks like to him. The complainant went on to say that nobody should be treated this way, and in 21 years of working in Human Resources, the subject is the worst she has ever seen.

The complainant gave various examples in the written complaint of interactions with the subject, which the complainant classified as inappropriate workplace behavior. These examples are from personal experience and through her discussions with other staff members, which were relayed to the complainant in her official capacity as the Managing Director of Operations. The Office of Inspector General interviewed individuals who were mentioned in the original complaint to hear firsthand accounts of their interactions with the subject.

⁸ The subject acknowledged he read this policy on February 14, 2023, by signing the "Florida Housing's Policies & Procedures Signoff" (Exhibit 3).

Ms. Coxwell's, (Legislative Coordinator, 2+ years of service with Florida Housing), statement in substance is as follows:

- The subject's tone was abrasive, and she did not feel as if she was treated as a professional. Ms. Coxwell felt singled out at times and stated that the interactions were discriminatory and even borderline harassment.
- The stress of feeling like I have to walk on eggshells around the subject; being nervous about getting ranted at or berated; and it was just overwhelming stress of never knowing what I was going to have to deal with the next day.
- In my career, I have never experienced management like I have under the subject, both the way I'm talked to and the way I'm treated - I'm not always treated as a professional.
- During a conversation about Meredith Ivey and her position as Interim Secretary at Department of Economic Opportunity (DEO)⁹ at the time, the subject told Ms. Coxwell that nobody under the age of 35 should be in a senior management position. Ms. Coxwell is under the age of 35 and was also in an interim senior management position at the time.
- During the conversation between Ms. Coxwell, the subject, Ms. Marshall, and Ms. Benson, the subject interrupted Ms. Marshall and would not allow her the opportunity to finish the presentation. Ms. Coxwell stated she never saw the subject put his hands in Ms. Marshall's face but did notice that Ms. Marshall was uncomfortable during the interaction.
- The subject never yelled at Ms. Coxwell but would become loud and would talk in a demeaning way.
- During the subject's first meeting with senior managers, the subject came into the room and asked for Ms. Coxwell to give up her seat. Ms. Coxwell was pregnant at the time. Ms. Coxwell did not know if the subject was aware of her pregnancy at the time; however, it was brought up after he asked her to move seats.
- Ms. Weathers sent an email to Ms. Coxwell passing off a request to confirm Board appointments. While Ms. Coxwell was in the subject's office, Ms. Weathers was called on the phone and was berated for sending the email and responding. Ms. Coxwell stated the subject would cut Ms. Weathers off and not let her explain anything. Ms. Coxwell stated that what Ms. Weathers did was not unreasonable.
- The subject got upset with Ms. Coxwell after Ms. Benson followed procedure and sent an email to invite a Board member to a groundbreaking and ribbon cutting ceremony. The subject would not let Ms. Coxwell explain anything or talk and asked her to withdraw the invitation. Ms. Coxwell stated this was painful because she felt the subject's frustration was taken out on her.
- Ms. Coxwell dreaded going on a trip to Washington D.C. alone with the subject, because she was scared that she would be the one who got the anger or ranting from the subject when he was upset. Ms. Coxwell was relieved when Ms. Prater was hired and subsequently joined them on the trip.
- Ms. Coxwell overheard raised voices and harsh conversations coming from the subject's office and stated the subject spoke to Ms. Prater and Ms. Coxetter this way as well.

Ms. Marshall's (Contract Administrator, 9+ years of service at Florida Housing), statement in substance related to this allegation is as follows:

- Ms. Marshall met with the subject, Ms. Coxwell, and Ms. Benson to discuss how to procure services for a social media campaign. Ms. Marshall stated that during this meeting she was repeatedly interrupted while attempting to offer solutions to the problem. One example is when Ms. Marshall suggested partnering with local governments, the subject stated, "they are idiots." The subject put his hand up towards Ms. Marshall's face and stated, "we will not be doing a procurement for this." The subject turned his attention to Ms. Coxwell and Ms. Benson to talk about who he knew in town that could provide the

⁹ DEO is now known as Department of Commerce as of July 1, 2023.

services under the bid threshold. Ms. Marshall stated she felt that he was a bit demeaning and incredibly brusque.¹⁰ The subject made it clear he did not want Ms. Marshall speaking the rest of the meeting.

- Ms. Marshall stated that the subject became agitated and raised his voice with her when discussing what he did not like about the competitive solicitation process. The subject wanted to review the scores ahead of meetings which made people [Review Committee Members] uncomfortable. There was a meeting scheduled for a competitive solicitation and Ms. Marshall was aware of the subject's displeasure in the process but was not instructed to cancel the meeting. On the day of the meeting, in a loud and elevated voice, the subject asked her why she didn't cancel this meeting.
- Ms. Marshall stated during a meeting with Florida Housing Supervisors, the subject was asked what can we tell our staff to help alleviate fears? The subject stated, "the fear ain't going away and he's had fear in every job that he'd been in."

Ms. Levy's (Managing Director of Multifamily Programs, 6+ years of service with Florida Housing), statement in substance is as follows:

- It is difficult to communicate with the subject and talk about issues. Often communication can be tense and heightened when talking about seemingly simple things.
- The subject was upset with Ms. Levy for emailing a developer and not copying him on the email although she was instructed by the subject to never email him or copy him on emails.
- Ms. Levy prepared and sent out a LISTSERV.¹¹ Ms. Levy stated she followed the original procedure and even had additional reviews since she worked with Ms. Button. I was just trying to continue business processes efficiently. After the LISTSERV was sent, the subject directed her to recall the LISTSERV because it mentioned the Board. When he was informed it could not be taken back, he became agitated. The subject called Ms. Levy and asked her why she thought she had the right to send the LISTSERV and then would not allow her to explain. The subject went on to say that this was "grounds for immediate termination and that if she ever did anything like this again, he would immediately terminate her and anyone that was associated with putting the LISTSERV out."
- "I really haven't been the same since he did threaten my termination - It's been difficult mentally."
- Moving from a culture of togetherness and collaboration to a culture of what feels like divisiveness has been really hard. There are days when it's hard to come into work and since the incident happened between me and him, there are days where I don't know, am I going to be fired?
- Ms. Levy stated, losing three people in a matter of a couple months in one department that's issuing \$100 million of tax credits a year, that's hard. I am worried [about getting the funds out].
- Ms. Levy stated things are falling through the cracks and it's taking a lot longer to process documents.
- "I am worried about it unraveling."

Mr. Aldinger's (Managing Director of Policy and Special Programs, 16+ years of service with Florida Housing), statement in substance is as follows:

- The subject is hostile toward staff.
- Mr. Aldinger feels the firing of Ms. Freaney was hostile. There was no due diligence, and it was not based on performance. Mr. Aldinger felt this was because the subject did not like Ms. Freaney, and she was rude to Ms. Coxetter.
- Other staff have requested that Mr. Aldinger be involved in meetings with them and the subject so they would not be alone to handle any aggressiveness by the subject.

¹⁰ Cambridge Dictionary defines brusque as quick and direct in a manner or speech, and often not polite.

¹¹ LISTSERV is an electronic mailing list software application that is utilized by Florida Housing to communicate information to stakeholders.

- The subject burst into Ms. Button’s office and yelled at her for communicating with the Board. The subject stated he would fire anyone who did it again but then looked at Mr. Aldinger and said, “well I am not talking about you.”
- Staff informed Mr. Aldinger they heard yelling coming from the subject’s office. Staff have also said they do not feel like they are given clear directions and everything they do is wrong. Mr. Aldinger stated staff members have come to him crying about the treatment they have received from the subject, and every one of my staff have, at least once, addressed their fear of being fired.

Ms. Zachem’s (Interim General Counsel, 8+ years of service with Florida Housing), statement in substance is as follows:

- The subject requested an opinion as to whether serving on a board which contracts with Florida Housing was a conflict of interest. Ms. Zachem consulted with another attorney in the General Counsel’s Office to render an opinion on this matter. Ms. Zachem stated the subject was unhappy and forceful towards her because she put something in writing regarding the opinion. The subject raised his voice at her many times in the conversation. Ms. Zachem stated the subject did not believe or trust her opinion and wanted a revised draft. When the revised draft was submitted, Ms. Zachem removed the other attorney’s name from the document because she did not want him to get any response or frustration from the subject.
- The subject told Ms. Zachem that he does not believe that an appearance of a conflict was a violation.
- The subject got upset with Ms. Zachem in her office and expressed his displeasure and frustration with Ms. Marshall. Ms. Marshall noticed that a conflict-of-interest form for a contract was not sent to Ms. Prater, who was the contract manager. The subject was very upset and yelled at Ms. Zachem. The subject thought Ms. Prater was being singled out and demanded that all files be reviewed to ensure other contract managers were also required to fill out the form.
- Ms. Zachem’s biggest concern is “the destruction in the workplace and the erosion of employee morale” which has been caused by the disrespectful behavior and yelling from the subject.
- “Right now, what I’m seeing is it is really hard for the vast majority of the people to get the work done because they have to worry about what’s the next thing that’s coming, what’s the next thing that either I’m going to get yelled at for or my boss is going to get yelled at for and that is a problem.”
- “Sometimes you get the pit in your stomach about like well, I’m gonna have to go in, and I’m gonna have to deal with this or I’m gonna have to explain this to [the subject] and I know he’s not going to like it.”
- Ms. Zachem professionally believes that some changes, like slowing down public records request responses or not wanting things in writing, have caused more work for a traditionally “leanly staffed” corporation. Ms. Zachem stated it is alarming because people are unaware of the subject’s direction or his requirements.

Mr. Brown’s (former General Counsel, 21+ years of service with Florida Housing), statement in substance is as follows:

- Mr. Brown confirmed he did counsel the subject on his comments during the all-staff meeting.
- Mr. Brown does not remember him stating anything about a “woke agenda” but does recall something the subject stated regarding “people being sensitive.”

The Office of Inspector General also interviewed additional staff members who were mentioned during interviews, those who had proximity to the subject, or were members of the senior management team.

Mr. Westcott’s (Managing Director of Homeownership Programs, 21+ years of service with Florida Housing) statement in substance is as follows:

- There was an interaction with the subject where Mr. Westcott felt that one of his employee’s job was threatened. Mr. Westcott felt that the request his employee made during a meeting was reasonable.

However, after the meeting, the subject went to Mr. Westcott's office and was visibly upset at what Mr. Westcott's employee had said in the meeting. In confronting Mr. Westcott, the subject said, what the hell did [employee name] think he was doing? The subject also stated, "you may have noticed I have been making changes around here, [employee name] will be next if he doesn't watch what he says."

- Mr. Westcott stated employee morale among his staff has never been lower. Mr. Westcott has staff that are considering early retirement and staff who are fearful of losing their job.
- The subject is often "pretty volatile and unpredictable" in his behavior during weekly meetings and interactions. He never knows exactly what might get the subject upset.
- We are on eggshells in trying to talk about issues and otherwise present things to him in a way that I thought might not invoke his anger.

Mr. Hearn's (Chief Information Officer, 8+ years of service with Florida Housing), statement in substance is as follows:

- Sometimes the subject's abruptness and definitive points of view can offend people and the subject is not very tactful.
- Mr. Hearn felt like most of the issues with the subject are what he would consider a difficult working relationship but some of that is his adjustment.
- The subject does not take input from senior managers. Mr. Hearn is unsure if this is bullying but people are "cowed."¹² It is unclear if that is the intent or just a result of the interactions.
- Mr. Hearn does not feel personally threatened or harassed but has seen the subject be hostile towards Mr. Pilote, Project Management Administrator, by discounting everything that he worked hard to put into place.
- Mr. Hearn has not personally witnessed any threatening behavior but explained the subject's "catchphrase" is that "nobody is irreplaceable."
- Mr. Hearn has not heard or seen any yelling or screaming from the subject but has witnessed the subject talking over and interrupting staff members. He explained that the subject does not like long explanations.

Ms. Sellers' (Chief Financial Officer, 30+ years of service with Florida Housing), statement in substance is as follows:

- There was an incident with the subject and Ms. Sellers where he came into her office, visibly angry and threw a document down on her desk and demanded to know when a decision was made which they had spoken about earlier in the morning.
- The subject makes financial decisions without talking to Ms. Sellers as the CFO, and sometimes she has no knowledge of financial decisions that are made. Ms. Sellers stated there have been decisions made that she believes were not financially sound for the Corporation. Ms. Sellers stated reserve funds have been set aside for emergencies and Florida Housing may burn through those reserves due to the unilateral financial decisions by the subject. Ms. Sellers stated, she feels like there's no long-term outlook and that things could be in jeopardy in the future.
- Ms. Sellers stated she is "very clearly not consulted" [financial decisions]. She hears about financial decisions being made by the subject from staff. Ms. Sellers stated the subject is looking at additional office space which has an ongoing cost to it. "Hiring staff and staffing up entire departments of 10 or 15 people, from what it sounds like, those are ongoing costs that we've got to be able to plan for and figure out how to fund going forward." "It's hard to create new sources of revenue."
- The subject compared managing staff to training a horse, by convincing or tricking people into doing something without them knowing they are doing it. Ms. Sellers stated she was very offended by these comments.

¹² Cambridge Dictionary defines cowed as frightened by threats or violence into doing something.

- The subject would not allow a staff member under Ms. Sellers to work from home two days a week so she could be in the house with her father who has Alzheimer's disease. This request came from the staff member's manager who felt the work could be tracked. Ms. Sellers stated she felt this was "mean" since other staff telework currently.¹³

Ms. Cox's (Managing Director of Asset Management and Guarantee Programs, 21+ years of service with Florida Housing), statement in substance is as follows:

- The subject yelled at her multiple times about different issues.
- The subject stated that he wanted to get rid of Shelia Freaney because she was not nice to Ms. Coxetter.

Mr. Pilote's (Project Management Administrator, 4+ years of service with Florida Housing), statement in substance is as follows:

- Meetings with the subject have been professional; however, the subject is very abrupt, direct, speaks his mind, and does not ask for feedback.
- Mr. Pilote does not necessarily agree with his management style. The subject makes decisions without investigating or listening to other staff.
- Mr. Pilote stated he does not always voice his opinion when he believes the subject is wrong because he does not want to alienate his relationship.
- Other staff members have stated to Mr. Pilote they are fearful of voicing their opinion.

Mr. Randolph's (Multifamily Programs Manager, 1+ years of service with Florida Housing), statement in substance is as follows:

- The subject has gotten "snappy" with him over paperwork, but Mr. Randolph said he tries to stay in his office most of the time.
- During a birthday gathering for Ms. Prater, in which Mr. Randolph was invited to, the subject came in and looked right at Mr. Randolph and stated, "what are you doing here?" Mr. Randolph stated he felt singled out because "in my head what I'm thinking, you know, being the only black male in the in the room."

Ms. Prater's (Managing Director of Government Relations and External Affairs, 5 months of service with Florida Housing), statement in substance is as follows:

- Ms. Prater has not experienced or witnessed any interactions where the subject was hostile, raised his voice, or was aggressive.
- Ms. Prater felt that the subject was passionate about the situation regarding Ms. Levy sending out the LISTSERV and was just telling her that it can't happen again.
- Ms. Prater stated there may have been an interaction between the subject and Mr. Randolph but explained that it was all in a joking manner.
- Ms. Prater did not feel singled out when Ms. Marshall forgot to give her a conflict-of-interest form and she stated that the subject was not mad but questioned why it was missed.

Ms. Coxetter's (Executive Assistant, 4 months of service with Florida Housing), statement in substance is as follows:

- The subject does not raise his voice and is not a loud person at all. She has not heard any aggressive behavior or yelling from the subject.
- Florida Housing purchased white noise machines for the subject's office because he could be heard down the hallways. Ms. Coxetter stated this is because voices travel.
- These issues and frustrations are difficulties dealing with transition.

¹³ Currently there are four Florida Housing employees that telework full time.

- The subject has not interrupted people intentionally, but there are overlaps when people are talking in meetings.
- Ms. Coxetter did not recall the subject making any comment to Mr. Randolph during Ms. Prater's birthday celebration.

Ms. Weathers' (Finance Director, 21+ years of service with Florida Housing), statement in substance is as follows:

- The subject called Ms. Weathers and was upset about her responding to a vendor's email stating Ms. Coxwell will handle their request. During the phone conversation with the subject, he kept cutting Ms. Weathers off and telling her that anything external needed to go to Ms. Coxwell. Ms. Weathers was not given the opportunity to explain the reason behind what she was doing. The subject yelled at Ms. Weathers and stated that outside people should know that it is not what she [Ms. Weathers] does. This made Ms. Weathers very uncomfortable.
- Ms. Weathers stated, "I don't know if this is a good work environment for me long term from a mental health, for my family."
- Ms. Weathers further stated, "I don't know if whatever I do here will be good enough for him."

Ms. Button's (Managing Director of Strategic Initiative, 6+ years of service with Florida Housing), statement in substance is as follows:

- Ms. Button has not personally experienced any harassment; however, the subject's mannerisms do come off as aggressive.
- Ms. Button has been a part of communications where the subject gets red in the face and appears to get flustered if he receives information that he does not agree with.
- The issue with Ms. Levy and the LISTSERV was a normal process, the procedures were followed, and there was sufficient review.
- The current state of affairs and morale of employees present a very big risk to multifamily programs being able to execute program mandates.
- People are looking to leave the Corporation and they feel like they are not trusted or respected. Ms. Button stated people feel they cannot do their jobs efficiently and are scared of getting fired for just doing their jobs. People are looking to leave because of the hostility and chilling effect of the current management of the Corporation.
- Ms. Button stated, "We are being transparent and responsible for the resources that we're administering and being open about that and in this transition, it feels like that's changing."
- "When someone says I'm afraid to do my job because anything that I do might mean that I will get terminated for no reason. I think it's a direct result of the environment that's that has been cultivated over the past couple of months."

Mr. Gottel's (Data Management Director, 3+ years of service with Florida Housing), statement in substance is as follows:

- Mr. Gottel was in the hallway with the subject and Ms. Ah Sam discussing a dashboard the subject had requested. Mr. Gottel stated he was having a hard time finding software developers because they either wanted remote work, which the subject stated was not going to happen, or they needed sponsorship. Mr. Gottel asked the subject if he would consider someone on a three-year STEM¹⁴ extension from their education. The subject stated that "we're not going to bring those foreign people in here."
- Mr. Gottel feels some of the subject's interactions are inappropriate and unprofessional. The subject often interrupts staff in a disrespectful manner.
- "I love my job, and obviously I've been respected here, and people listen and I said, I don't want to give my talent to this tyrant [subject]."

¹⁴ STEM - science, technology, engineering, mathematics

- “Now I mean what I have really witnessed is the forced paradigm shift of the entire attitude of the company from a level of hard-working colleagues to a whole lot of people being managed by fear and intimidation. I have had multiple colleagues break down in tears in front of me because of things that are happening.”
- “I’m just not going to put up with it anymore, and I feel badly because I care for the people here and I think Florida Housing is going to suffer mightily.”

Ms. Ah Sam’s (Managing Director of Special Projects, 2 months of service with Florida Housing), statement in substance is as follows:

- Ms. Ah Sam has never experienced or heard any hostile behavior from the subject, but she mostly just stays in her office.
- Ms. Ah Sam does remember the comment made by the subject to Mr. Randolph during Ms. Prater’s birthday celebration but stated it was in a joking way.
- Ms. Ah Sam remembered the conversation with Mr. Gottel regarding hiring for the data team but does not remember any comments from the subject stating, “we’re not going to bring those foreign people in here.” Ms. Ah Sam did not remember what the subject stated in response to Mr. Gottel asking about sponsorship.

Ms. Benson’s (Press Secretary, 1+ years of service with Florida Housing), statement in substance is as follows:

- During the meeting with the subject, Ms. Marshall, and Ms. Coxwell, there was heightened tension but does not remember the subject putting his hand in Ms. Marshall’s face.
- In other meetings the subject has gotten loud or yelled, and when he has an idea, he will just spit it out and interrupt people.
- The subject’s reactions are abnormal from a normal business relationship for a supervisor.
- Ms. Benson has heard from the subject that if someone doesn’t want to do something he will just fire them.

Ms. McGlamory’s (Paralegal/Corporation Clerk, 5+ years of service with Florida Housing), statement in substance is as follows:

- Ms. McGlamory is not in a lot of meetings with the subject. She has not heard him raise his voice but has been told of the subject’s treatment and heard the aftermath of his conversations.

During Mr. Westcott’s interview, he stated he was told in confidence that this behavior by the subject (hostile/harassment), happened during the subject’s employment at DEO. Therefore, the Office of Inspector General obtained the name of a former HORNE employee, Blair Waggoner, who was subsequently interviewed by the Office of Inspector General.

Ms. Waggoner’s statement in substance is as follows:

- Ms. Waggoner stated the work environment with the subject was hostile. He was very condescending and would talk over people constantly.
- There was an instance where Ms. Waggoner was explaining a process to the subject of how a payment went from start to finish because there had been a mistake and he wanted to understand the process. It did not matter how it was explained, there was just continuous badgering and asking of questions from the subject that were previously answered. Ms. Waggoner stated it made her feel dumb.
- The subject was banned from contacting Ms. Waggoner and other managers on the payment team at HORNE. The subject was supposed to go through the contractor North Highland, but this would only last a couple of days, and he had to be constantly reminded of those directions.

- Ms. Waggoner stated she would not have left HORNE if she did not have to deal with the subject. In addition, other employees left or transferred out and Ms. Waggoner believed they left due to their treatment by the subject.
- Ms. Waggoner stated she spoke with Anna Stroble¹⁵ who was going to address how the subject had been treating the team. Ms. Stroble traveled to Tallahassee to have a meeting with unknown DEO management. Ms. Waggoner stated that Ms. Stroble had relayed to her that the subject had valid complaints against the team, but the way he talks to them is unacceptable.

During Ms. Ah Sam's interview, she stated the following:

- Ms. Ah Sam stated she worked with the subject at DEO, which is how she was recruited over to Florida Housing.
- There was no behavior from the subject while working together at DEO that would be considered hostile or aggressive.
- Ms. Ah Sam was not aware of anyone having a problem with the subject who worked on the Homeowner Assistance Fund (HAF) from HORNE, which Ms. Ah Sam and the subject oversaw. After asking specifically about Blair Waggoner, a former HORNE employee, Ms. Ah Sam stated that Ms. Waggoner had issues with all the DEO employees. After a follow-up interview, Ms. Ah Sam stated that it was not problems that Ms. Waggoner had but it was tension between HORNE and DEO.
- Ms. Ah Sam was not aware of anyone else having issues at HORNE with the subject or with other DEO employees.
- Ms. Ah Sam was not aware other HORNE staff members were moved off the HAF program or separated from employment due to hostile treatment by the subject.

During the course of Ms. Waggoner's interview, she stated there was another HORNE employee (Linda Figueroa) that had a similar experience with the subject.

Ms. Figueroa's statement in substance is as follows:

- Every call with the subject, when she worked on the HAF program, was a negative reaction. Anytime the information that was being presented was not something the subject wanted to hear, he would become unprofessional and difficult.
- Ms. Figueroa stated the subject was "often very adamant about not wanting to do specific things and was very voiceful to the point it was uncomfortable." The senior staff (Ms. Waggoner and Diana Harding) would take these interactions to other meetings to keep things on track. Ms. Figueroa stated she heard that the subject would go ballistic when these other meetings occurred.
- Ms. Figueroa left HORNE and the HAF program because she could not deal with the stress and once, she found out she would be the main person dealing with the subject when Ms. Harding left. She did not want to be subjected to that.
- All of Ms. Figueroa's other interactions with other DEO staff, including Ms. Ah Sam, were very professional and cordial. Ms. Figueroa did not think anyone at HORNE had any negative interactions with DEO staff members outside of the subject. Ms. Figueroa did not know of any issues that DEO staff had with anyone at HORNE, or any complaints filed against them.

The subject's (Executive Director, 6 months of service with Florida Housing), statement in substance is as follows:

- Mr. Brown spoke to him about his comments in the all-staff meeting that were taken as misogynistic/sexist.
- Ms. Cherry spoke to him regarding inappropriate workplace behavior in a meeting where he talked over a staff member.

¹⁵ Ms. Stroble is a partner at HORNE.

- The subject does not recall comments made to Mr. Brown stating, “woke agenda” or comments made to Ms. Cherry stating, “my personality is my personality.”
- The subject does not recall asking “why there would be a policy that prohibits people from talking over people” or “what if what I have to say is more important, why shouldn't I be allowed to talk over you?”
- The subject stated he never yelled or became upset with any staff. The subject stated multiple times that he may not have agreed with a process or liked how something was done, and he may have changed his tone and became more serious to emphasize his point. The subject stated he is a loud man.
- The subject stated he did not threaten an employee’s job who is under Mr. Westcott.
- During the meeting with Ms. Marshall, Ms. Coxwell, and Ms. Benson, the subject did put his hand up but not in an aggressive manner. He indicated that this was to be able to finish his thought.
- The subject asked Ms. Coxwell to move her seat during a meeting because she was sitting in the seat, he normally sits in. The subject stated he did know at that time that Ms. Coxwell was pregnant.
- The subject does not recall ever stating to Ms. Coxwell that nobody under 35 should be in senior management. He did not single Ms. Coxwell out or treat her any differently because of her age and did not give her any additional job duties than what were already assigned to her.
- The subject denied ever getting mad or aggressive with Ms. Weathers on the phone in front of Ms. Coxwell and did not recall any conversation with Ms. Weathers over the phone while Ms. Coxwell was in the room.
- The subject was upset with Ms. Levy putting out the LISTSERV, due to the fact he had stated multiple times to Ms. Levy that any decisions that make an impact on the Corporation need to go through him. He felt that some things on the LISTSERV were inappropriate which is why he stated that it could not happen again, and it was grounds for termination.
- The subject denied throwing any documents at Ms. Sellers but insisted he handed the document to her, and she took them from him.
- The subject denied stating that managing employees is like training horses.
- When presented with the option of allowing an employee to telework occasionally due to health issues with their father, the subject felt it wasn’t appropriate because he had just brought the entire staff back and did not want to open the door for other employees to ask for various other reasons. When asked about the other staff who telework full time, the subject stated that when he brought staff back, those individuals did not live in proximity to Tallahassee and had done it for a while. The subject felt allowing those to continue was appropriate but did not want to allow any new people. In regard to recently allowing Ms. Button to telework, he stated that having her gone from the Corporation would be a bad idea.
- The subject does not recall getting upset over Ms. Levy talking to developers. In fact, he stated that this was integral to her job.
- The subject stated to Mr. Randolph during a birthday celebration something to the effect of “what are you doing here?” The subject was under the impression it was for Ms. Prater and her staff and when told Mr. Randolph was “adopted because his office is right across the hall from ours”, the subject responded “great.”
- The subject was familiar with the conversation with Mr. Gottel regarding telework or sponsorship for data team members. The subject stated the reason for not allowing telework was the same as above and the reason for not allowing sponsorship was because he was informed that in the past it did not work out and would rather do it another way. The subject denied ever saying “we're not going to bring those foreign people in.”
- The subject does remember an issue regarding a conflict-of-interest form that was not given to Ms. Prater; however, he denied ever being mad and stated that it was Ms. Prater who felt singled out. The subject stated he did talk to Ms. Zachem about this to see if any other contract files were missing this form but did not demand her to go through all the contracts to check.
- The subject stated there was one employee at DEO that filed a complaint against him due to a comment he made. This individual was an information technology employee who filed the complaint with Human

Resources. The subject stated that he apologized for whatever he did to offend the individual. He did not recall any specifics of this issue.

- The subject stated there were no other problems with any HORNE employees except that there were general issues with HORNE as the payment vendor and mistakes they made. The subject stated that he was never aggressive or yelled at any employees with HORNE, but he was frustrated with mistakes they made.
- The subject stated there was no specific conflict between any other DEO and HORNE employees that was reported to him but there was frustration with HORNE's progress.
- The subject was not aware of any complaint filed against him and was never talked to about his behavior. The subject never filed any complaint against any HORNE employees specifically regarding behavior.
- The subject stated to multiple people that "everyone is replaceable."
- The subject does not remember making a comment stating his wife "got hurt lifting F**king 400-pound fat people off the toilet" but does remember stating his wife gets hurt from picking people up and pushing them around on wheelchairs.
- The subject does not recall making a comment about "the fear is not going away."

Florida Housing Policy# 6.01, Maintaining a Professional and Respectful Workplace which defines inappropriate workplace behavior states:

POLICY STATEMENT

This policy affirms our commitment to providing a work environment that is respectful, professional, safe, accepting of differences, and free from inappropriate behavior. Each Florida Housing employee has a personal responsibility to comply with this policy and demonstrate appropriate workplace behavior.

DEFINITIONS

1. Inappropriate Workplace Behavior-Behavior that causes a negative impact, disruptions to the workplace, or results in the erosion of employee morale. Examples of inappropriate behavior at work include, but are not limited to, the following:
Making disparaging comments to or about a person; intimidating behavior; negligence; showing disrespect to others; yelling at a person; talking over or interrupting a conversation; being absent from work without authorization; excessive tardiness and/or absenteeism; and poor performance of job duties.
2. Appropriate Workplace Behavior-Behavior that supports Florida Housing's workplace values described in this policy. Examples include, but are not limited to:
Using respectful and supportive language in all interactions; listening with an open mind; working collaboratively with others to achieve goals; encouraging input and feedback; giving professional feedback as opposed to condemnation; respecting each of your team members and treating them as valuable resources; and approaching conflict with maturity and true desire for resolution.

ROLES, REQUIREMENTS AND RESPONSIBILITIES

1. Employees at all levels are responsible for creating and maintaining a work environment that is respectful, professional, and free from inappropriate behavior.

PROCEDURES FOR MANAGING NON-COMPLIANCE

1. It is important that supervisors are proactive in dealing with violations related to this policy.
2. When faced with an employee who has violated the policy, the supervisor will meet with Human Resources for guidance.

3. Violations of this policy may result in formal disciplinary action, up to and including dismissal. Serious violations may also require additional review and/or investigation by Human Resources, the Inspector General and/or General Counsel.

Conclusion: Supported.

The Office of Inspector General notes at the outset that Florida Housing Policy #6.01, Maintaining a Professional and Respectful Workplace, is broad in its application as it is designed to foster a productive workplace, “free from inappropriate behavior.” Here, while witnesses may have stated their opinions or examples as fact, the Office of Inspector General looked at each such example objectively in light of the policy and concluded that the interruptions of conversations and comments made by the subject were reasonably perceived by the witnesses as disrespectful, humiliating, or offensive. The interactions with the subject have caused disruptions to the workplace and has resulted in the erosion of employee morale. Staff stated they do not feel valued, trusted, or respected. The subject does not listen to them, and his expectations for them are not known. Staff also voiced there is fear over interactions with the subject and fear over being fired for doing their jobs. Based upon the pervasive nature of the allegation, including the number of witnesses making such allegations, the Office of Inspector General finds that there is sufficient evidence to conclude that the subject violated Florida Housing Policy# 6.01, Maintaining a Professional and Respectful Workplace.

Allegation 2: The subject created a hostile work environment through harassment of female staff.

The allegation, if supported, would constitute a violation of Title VII of the Federal Civil Rights Act of 1964; The Florida Civil Rights Act, Chapter 760, Florida Statutes; and/or Florida Housing Policy# 2.11, Preventing Workplace Sexual Harassment and Discrimination

The complainant stated in the initial complaint that the allegations brought to her violated Title VII of the Federal Civil Rights Act of 1964 and the Florida Civil Rights Act, Chapter 760 Florida Statutes, due to the conduct of the subject being directed towards women or the complaints were about how he treats women.

Findings:

U.S. Equal Employment Opportunity Commission (EEOC) defines harassment as a form of employment discrimination that violates Title VII of the Federal Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967, (ADEA); the Americans with Disabilities Act of 1990, (ADA); and Florida Civil Rights Act, Chapter 760 Florida Statutes. Harassment is unwelcome conduct that is based on race, color, religion, sex (including sexual orientation, gender identity, or pregnancy), national origin, older age (beginning at age 40), disability, or genetic information (including family medical history). Harassment becomes unlawful where 1) enduring the offensive conduct becomes a condition of continued employment, or 2) the conduct is severe or pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive.

The Department of Labor states an instance or a pattern of harassing conduct is severe or pervasive by considering the following factors¹⁶:

- the frequency of unwelcome discriminatory conduct;
- the severity of the conduct;
- whether the conduct was physically threatening or humiliating, or a mere offensive utterance;
- whether the conduct unreasonably interfered with work performance;
- the effect on the employee's psychological well-being; and
- whether the harasser was a superior within the organization.

¹⁶ <https://www.dol.gov/sites/dolgov/files/OASAM/legacy/files/2012-workplace-harassment.pdf>

The Office of Inspector General used the examples from all interviews above to determine if the subject's behavior meets all requirements of harassment as defined by EEOC. The Office of Inspector General determined that the actions met the following requirements:

1. Unwelcomed conduct that is intimidating, offensive, or abusive.
2. Enduring the offensive conduct was a condition of continued employment and went against the terms, conditions, and expectations of the work environment initially agreed upon.
3. Conduct that is severe and pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive.

Conclusion: Not Supported.

Although the conduct met three out of four of the criteria needed for Title VII harassment, the allegation, as presented, is that the subject targets women specifically. The Office of Inspector General was unable to determine if the conduct by the subject was discriminatory against a protected class. However, the conduct is severe and pervasive enough to create a work environment that a reasonable person would consider intimidating, hostile, or abusive. Such as, the conduct interfered with work performance, effects on psychological well-being, and the subject was a superior within the organization.

ADDITIONAL ISSUES

Based on information disclosed during the course of this investigation, the following additional issues were reviewed:

Issue 1: The subject is serving as a Board Member with First Housing¹⁷ which is an entity that contracts with Florida Housing.

This issue, if supported, would constitute a violation of the Florida Housing Policy #2.02, Conflicts of Interests and Florida Housing Policy #2.06, Outside Employment and Contractual Relationships.

The Office of Inspector General was informed during interviews that the subject asked Mr. Brown, prior General Counsel, Ms. Zachem, Interim General Counsel¹⁸, and Ms. Cox¹⁹, Managing Director of Asset Management and Guarantee Program²⁰ their opinion on this matter to determine if the subject serving on the First Housing Board created a conflict of interest. A spreadsheet created by Mr. Brown (exhibit 4) and provided to the Office of Inspector General by Ms. Zachem stated that Mr. Brown's opinion was that it created a conflict of interest. When the Office of Inspector General asked Ms. Zachem if Mr. Brown had informed the subject of his opinion, she stated that Mr. Brown did verbally.

Mr. Brown stated to the Office of Inspector General that he was concerned with the subject's board positions and had provided his opinion to the subject regarding this matter. Mr. Brown informed the Office of Inspector General that this was at a minimum an appearance of a conflict of interest and when he informed the subject of this, he did not agree and stated he would continue serving on the First Housing Board. Mr. Brown did document this in an ethics spreadsheet as he was the Chief Ethics Officer at the time.²¹

Ms. Cox stated the subject asked her opinion regarding his position on the First Housing Board. This was an informal discussion in the hallway where Ms. Cox informed the subject that "it's a violation of Florida Housing's

¹⁷ First Housing Development Corporation mobilizes capital to finance multifamily housing for individuals and families of all income levels.

¹⁸ Ms. Zachem was the interim General Counsel during the time of the complaint and investigation. Ms. Zachem resigned from Florida Housing effective August 17, 2023.

¹⁹ Ms. Cox is the Interim General Counsel as of August 18, 2023.

²⁰ Ms. Cox stated that she started in Florida Housing in July 2000 as Assistant General Counsel.

²¹ The general counsel serves as Florida Housing's Chief Ethics Officer.

policy. Since there is no payment for the First Housing one, it's not a technical conflict under the statute and it's an advisory opinion so it does not violate the Constitution or the dual office prohibition. It's definitely an appearance of a conflict and that we shouldn't do it." The subject "told me that it wasn't my area of expertise, so I figured he was opinion shopping."

Ms. Zachem was also asked to tender an opinion regarding the subject's position on the First Housing Board. Her opinion (exhibit 5) was that "under Florida Housing's current code of ethics policies, serving as a non-voting board member on the Board of a business entity contracted with Florida Housing would, at a minimum, create the appearance of a conflict of interest. Under the policy, the [subject] would be required to discontinue serving on the Board of that business entity."

The subject told Ms. Zachem he did not agree with this opinion and stated there was a statutory citation that construed employment under a tax code as having compensation. The subject wanted this code taken into consideration and asked that the opinion be revised.

In the revised opinion, Ms. Zachem, Interim General Counsel stated, "More research is needed in order to make the determination, under the current policy, as to whether or not the role constitutes unpaid 'employment.' If such a role is determined to be unpaid 'employment,' then, under Florida Housing's current code of ethics policy, serving as a non-voting member on the Board of a business entity contracted with Florida Housing would, at a minimum, create the appearance of a conflict of interest. Brief research into this issue has suggested that uncompensated board membership may be treated differently than compensated board membership under Chapter 112.313, Fla. Stat. Further research is necessary prior to providing any opinions regarding the permissibility under Chapter 112, Florida Statutes. Given that Policy 2.02 has been in place for over seven years, it is suggested to open the policy for evaluation based on an in-depth review of Chapter 112 as well as applicable case law and opinions by the Commission on Ethics."

The subject stated during his interview with the Office of Inspector General, that he does not remember asking for or ever receiving an opinion regarding serving on First Housing's Board from Mr. Brown. However, the subject did ask Ms. Cox and Ms. Zachem their opinion about this matter. He did not remember Ms. Cox's opinion but stated when he asked for Ms. Zachem's opinion, he never asked her to write it down or put it in an official memo. The subject stated that he was never aggressive with Ms. Zachem; however, he did voice his displeasure with her putting the opinion in writing and gave her instructions to only verbalize future opinions to him. The subject stated he never asked Ms. Zachem to rescind her opinion or rewrite it and does not recall her ever giving him another opinion on the matter. The subject was aware of the contract between Florida Housing and First Housing. The subject stated that serving on First Housing's Board is a "gray line" but an "appearance of a conflict is not a conflict." The subject did not think the policy required employees to avoid the appearance of conflicts of interest and felt the policy may be outdated.

Florida Housing Policy #2.06, Outside Employment and Contractual Relationships states:

DEFINITIONS

2. Prohibited Employment - Employees will not engage directly or indirectly in any outside employment, contractual relationships, or financial interests that may conflict with Florida Housing's best interest, business operations, or interfere with the employee's ability to perform assigned job duties.
3. Examples of prohibited employment include, but are not limited to, the following:
 - a. Employment that may reasonably be perceived as a conflict of interest, reflects unfavorably, or discredits Florida Housing.
 - b. Employment that affects the employee's productivity, performance, job duties, or attendance at Florida Housing.

- c. Work requiring an active real estate license, unless expressly approved by the Executive Director
- d. Employment that would be conducted during the employee's normal work hours with Florida Housing
- e. Representing or advising person regarding any Florida Housing programs/incentives

Florida Housing Policy #2.02, Conflicts of Interests defines outside employment as:

DEFINITIONS

2. Outside Employment – being employed in a job or position outside the Corporation, whether paid or unpaid, as further described in the Code of Ethics.

Florida Housing Policy #2.02, Conflicts of Interests additionally states the following:

ROLES, RESPONSIBILITIES AND REQUIREMENTS

1. All employees have a duty to avoid conflicts of interest and the appearance of conflict of interest, and a duty to disclose and rectify any such conflicts that may occur in the scope of their employment.

5. Employees are prohibited from holding any employment or contract with any business entity or agency regulated by or doing business with the Corporation.

PROCEDURES

2. Employees will not accept or continue any outside employment that creates a conflict of interest or the appearance of a conflict of interest

It should be noted that Florida Housing's Conflict of Interest Policy mirrors the *Executive Office of the Governor of the State of Florida, Ethics Manual*.

Conclusion: Supported.

Three General Counsels/Ethics Officers cited that the subject serving on the First Housing Board is a conflict of interest. Additionally, the subject stated that serving on First Housing's Board is a "gray line" and an "appearance of a conflict is not a conflict." Furthermore, the subject did not think the policy required employees to avoid the appearance of conflicts of interest and felt the policy may be outdated.

The Office of Inspector General determined there is a violation of Florida Housing Policy #2.02, Conflicts of Interests. The policy specifically imposes a duty on employees to not only avoid conflicts of interest but the appearance of any conflict of interest. At a minimum, the subject's involvement with the First Housing Board, whether he is an employee or not, creates the appearance of a conflict of interest.

Issue 2: Ms. Sellers (CFO), who reports to the subject (Executive Director), has primary management duties of the consultants that manage the bond portfolios. The subject instructed Ms. Sellers to sell The Walt Disney Company Bond (Disney Bond) at a loss to Florida Housing before House Bill 3 was signed into law amending Section 560.114, Florida Statutes, to disallow investing based on any social, political, or ideological factors in investing and can only be done using pecuniary factors.

This issue, if supported, would constitute a violation of Florida Housing's Policy #2.01 Code of Ethics General Provisions.

Ms. Sellers stated in her interview that the subject instructed her to sell the Disney bond because it is a “bad look.” This bond was set to mature on August 30, 2024, and she informed the subject selling the bond would be at a loss (\$25,600). The subject stated, “that’s okay, we don’t need that in our portfolio.” Ms. Sellers stated there did not appear to be any financial reason to sell the bond. Florida Housing has sold other bonds at losses, but only as a strategy to restructure portfolios to lock in higher interest rates for longer periods. Ms. Sellers informed the Office of Inspector General that “we hire outside investment managers to manage money for us and have pretty clear investment guidelines.” Florida Housing does not normally get involved in day-to-day sales.

The timeline of events for the sale of this bond is as follows:

- On 2/20/2023 HB 3 was filed.
- On 3/3/2023 and 3/9/2023 The subject received emails regarding HB 3 including the current text of the bill and a summary from Ms. Sellers. Within this summary she states that Florida Housing “cannot consider any social, political or ideological factors in investing - pecuniary factors only” (exhibit 6).
- On 3/20/2023 HB 3 had passed out of its two committees and was on the special-order calendar on the floor of the House.
- On 3/22/2023 Investment manager was instructed to sell the bond at the direction of the subject due to the current level of scrutiny. Additionally, the investment manager was instructed not to purchase any Disney bonds for the Florida Housing’s portfolio (exhibit 7).
- On 3/22/2023 The portfolio holding the Disney Bond was liquidated at a price of 95.774 (4.83% yield). The realized loss from the sale was approximately \$25,600. A similar maturity Treasury yielding 4.47% was purchased with the proceeds (exhibit 7).
- On 3/24/2023 HB 3 passed the House and was sent to the Senate.
- On 4/19/2023 HB 3 passed the Senate.
- On 5/2/2023 HB 3 was signed by the Governor effective 7/1/2023.

Although the bond was sold prior to the change in statute that disallowed investments based on social, political, or ideological factors, the subject had been made aware of the potential change in statute.

The subject stated he did instruct Ms. Sellers to sell a Disney bond after multiple conversations. The subject did not think it was appropriate to hold a Disney bond and felt it was problematic for a state instrumentality to hold. He explained that he felt there were other investments that would be better in that position. The subject confirmed that he stated holding the Disney bond was a “bad look” and stated this was because of Disney’s lawsuit against the State of Florida. The subject explained that he did not do this to get around HB 3. The subject informed the Office of Inspector General that there were other bonds being sold at a loss and he was informed by Ms. Sellers that the investment managers have that discretion.

Florida Housing Policy #2.01 Code of Ethics General Provisions states “Employees should avoid any conduct (whether in the context of business, financial, or social relationships) that might undermine the public trust, whether that conduct is unethical or lends itself to the appearance of ethical impropriety.”

It should be noted that Florida Housing’s Code of Ethics Policy mirrors *Executive Office of the Governor of the State of Florida, Ethics Manual*.

Conclusion: Supported.

The subject stated that holding the Disney bond was a “bad look” and stated this was because of Disney’s lawsuit against the State of Florida. The issue of selling a bond at a loss for non-pecuniary reasons, at a minimum, has an appearance of an ethical violation, violating Florida Housing Policy #2.01 Code of Ethics General Provisions. The Office of Inspector General will refer this matter to the Executive Office of the Governor’s Chief Inspector General

for consideration and referral to the Florida Commission on Ethics for review, to determine if this rises to the level of unethical conduct.

Issue 3: Florida Housing did not follow Florida Housing’s Employee Selection policy when hiring the subject.

The issue, if supported, would constitute a violation of Florida Housing Policy #3.02, Employee Selection.

The Office of Inspector General conducted an open-source public records search of the subject to determine if he holds any licenses or professional certifications that have specific requirements for ethical behavior. The Office of Inspector General identified through FINRA²² that the subject is a previously registered broker but does not hold an active license. This search also identified two disclosures which are defined as “customer complaints or arbitrations, regulatory actions, employment terminations, bankruptcy filings, and certain civil or criminal proceedings that they were a part of.” During a search of the FINRA for any arbitration awards for or against the subject, the Office of Inspector General discovered two cases against the subject. In both cases, FINRA indicated that the subject was terminated from employment at UBS²³ and Morgan Stanley²⁴.

The Office of Inspector General requested the subject’s Human Resources file and hiring packet from Ms. Cherry on August 1, 2023. The hiring packet did not include an application or recruitment information, resume, or reference checks outside of the Level 1 background check and a personnel file request from DEO. Ms. Cherry stated that “the subject did not apply for the position but instead was appointed by the Governor and confirmed by our Board at the February 10, 2023, Board Meeting in Fort Lauderdale.” Former Executive Director Trey Price instructed Ms. Cherry to follow the normal process for criminal history, but not to conduct reference checks since the Executive Office of the Governor was the one appointing the subject.

The normal procedure for Florida Housing is that the positions are advertised, the most qualified candidates are interviewed, and the best are selected. Per policy, prior to offering employment, a criminal history (Level 1) background check done as well as employment references from the last three supervisors. Additionally, if the candidate is a State of Florida employee, their performance evaluations, disciplinary actions, and any Office of Inspector General investigations are also requested. Section 420.506, Florida Statute, states that the appointment and removal of an executive director shall be by the Secretary of Economic Opportunity, with the advice and consent of the Corporation’s Board of Directors.

The open-source public records search also disclosed the subject had two contract and indebtedness cases, one homestead residential foreclosure case, and a bankruptcy case directly associated with the subject.

The results of the aforementioned searches bring into question the subject, and therefore, Florida Housing’s ability to “demonstrate that it is a creditworthy institution, and that its Principal Owners and Corporate Officers are creditworthy individuals.” This criterion is noted in an excerpt from a U.S. Department of Housing and Urban Development publication titled, *4000.1 FHA Single Family Housing Policy Handbook, Section 1.A.3 “Doing Business With FHA, FHA Lenders and Mortgagees, Application and Eligibility Requirements for Approval”* the following:

v. Creditworthiness

(A) Definitions

²² FINRA is the Financial Industry Regulatory Authority, which is an independent, nongovernmental organization that writes and enforces the rules governing registered brokers and broker-dealer firms in the United States.

²³ UBS (Union Bank of Switzerland) is a multinational investment bank and financial services company founded and based in Switzerland.

²⁴ Morgan Stanley is an American multinational investment bank and financial services company headquartered in New York City.

(2) A Creditworthy Individual is a person whose credit background for the seven-year period preceding the FHA Mortgagee approval application or for the length of the individual's credit history if less than seven years:

- reflects no delinquent accounts or collections, and reflects no legal actions that would impair the individual's credit, such as a foreclosure action, judgment, lien, or bankruptcy; or
- reflects legal actions that have been adequately resolved, and/or delinquent accounts or collections that have been adequately resolved or that have an acceptable explanation.

(B) Standard

A Nonsupervised²⁵ or Investing Mortgagee²⁶ must demonstrate that it is a creditworthy institution, and that its Principal Owners and Corporate Officers are creditworthy individuals.

Conclusion: Supported.

This issue is not directed at the subject, but rather Florida Housing itself. Florida Housing did not follow hiring policies and practices when hiring the subject, violating Florida Housing Policy #3.02, Employee Selection.

INSPECTOR GENERAL COMMENTS

Florida Housing Finance Corporation's (Florida Housing) Office of Inspector General is required by Section 20.055, Florida Statute, to "develop long-term and annual audit plans based on the findings of periodic risk assessments." The Office of Inspector General conducts an annual enterprise risk assessment of each of Florida Housing's program areas that includes interviews with and input from the respective program senior managers. Additionally, Audit Committee, Board, and the Executive Director, provide their input and concerns regarding the potential risks that could impact Florida Housing. While the risk assessment is an annual process, risk is continually monitored and assessed by management and the Office of Inspector General.

The totality of information received during the course of this investigation has revealed a pattern of behavior and/or management style of the subject, which has elevated Florida Housing's overall risk and increased the potential threat of corporate instability.

Some examples of the elevated risks identified include but are not limited to:

- Reputational risk;
- A downgraded issuer credit rating²⁷ due to an increase in reputational risk;
- A failure to retain employees resulting in a loss of subject matter expertise and institutional knowledge; and
- A potential increase in employee litigation directly related to this investigation.

The areas of elevated risk identified will be incorporated into the annual risk assessment and presented to the Audit Committee.

²⁵ Under The U.S. Department of Housing and Urban Development Handbook Nonsupervised Mortgagee is defined as "a lending institution that has as its principal activity the lending or investing of funds in real estate Mortgages, consumer installment notes or similar advances of credit, the purchase of consumer installment contracts, or from a directly related field. A directly related field is something directly related to the lending or investing of funds in real estate Mortgages, not simply actions relating to real estate in general."

²⁶ Under The U.S. Department of Housing and Urban Development Handbook Investing Mortgagee is defined as "an organization that invests funds under its own control."

²⁷ Moody's Investors Service is the bond credit rating business, which applies the issuer credit rating for Florida Housing.

RECOMMENDATIONS

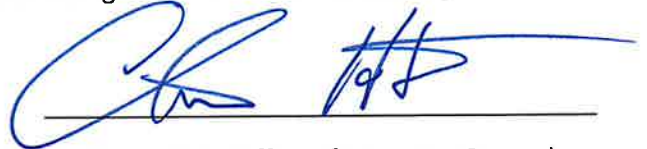
- The Office of Inspector General recommends the Florida Housing Board review the conclusion of each allegation/issue for action deemed appropriate.
- The Office of Inspector General recommends Florida Housing review all policies to ensure they are up-to-date and comply with all current laws and rules.
- The Office of Inspector General recommends Florida Housing follow all policies and procedures when hiring new employees.
- Florida Housing is considered a financial institution and after an informal poll of other financial institutions and their requirements²⁸ when hiring new staff, the Office of Inspector General recommends Florida Housing consider adopting additional background checks for executive leadership²⁹.
- If it is determined that additional background checks are required, the Office of Inspector General recommends that current executive leadership be subject to these requirements.

AUTHORITY and METHODOLOGY

Authority to conduct this investigation resides in the following: Section 20.055, F.S., which creates in each state agency an Office of Inspector General and authorizes it to initiate, conduct, supervise, and coordinate investigations that detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government. The authority of the Office of Inspector General is limited to conducting administrative investigations of wrongdoing by employees of Florida Housing or contractors and the contractor's employees.

This investigation was completed in accordance with accreditation standards established by The Commission for Florida Law Enforcement Accreditation and has been conducted in compliance with the "Quality Standards for Investigations" found within the *Principles and Standards for the Office of Inspector General*.

The methods used in completing this investigation included conducting sworn recorded interviews.



Name, Title, Office of Inspector General

APPROVALS

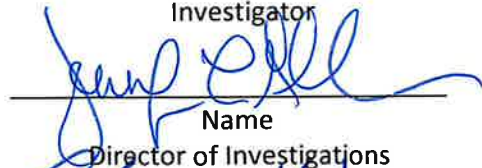


Name

Investigator

9/5/2023

Date

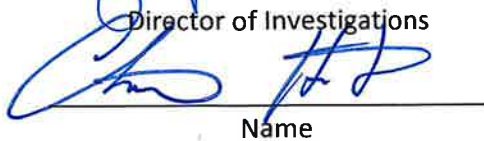


Name

Director of Investigations

9/5/2023

Date



Name

Inspector General

9.5.2023

Date

²⁸ Requirements include but are not limited to criminal, financial, past employment, and social media background checks.

²⁹ Executive leadership consists of the Executive Director, Chief Financial Officer, General Counsel, and the Inspector General.