

## REPORT OF INVESTIGATION

**K #:** 10-094 Ted Lucas

**Date Opened:** July 27, 2010

**Date Closed:** Aug. 12, 2010

**Name of investigator:** Karl Ross  
.....

**Allegation:** On or about July 9, COE received allegations that Theodore G. Lucas, Vice President for Logistics and Distribution at Jackson Health System (JHS), may have violated the Miami-Dade ethics code by improperly accepting the provision of travel and related expenses from a JHS vendor and by allegedly failing to report the provision of such expenses as gifts for himself and members of his family. During the investigation, a subsequent allegation was raised that Lucas may have violated the ethics code as it relates to exploitation of official position by pressuring subordinates to issue contracts to firms associated with the alleged vendor or contractor, U.S. Communities (USC).

**Investigation:** In response to the allegations, COE opened an investigation to determine whether the above allegations are true and interviewed the following individuals. Their responses are included, as follows:

Jill Klaskin Press, assistant to the director  
Miami-Dade Department of Procurement Management  
Phone: (305) 375-4425  
Aug. 4, 2010

COE met with Ms. Press along with Amos Roundtree, procurement competition advocate at DPM, to discuss the referral concerning Ted Lucas and an alleged improper trip to San Diego for the USC annual board meeting. Ms. Press advised that USC is not a county vendor, but could be considered a service provider. She and Mr. Roundtree advised that the county used to be a "lead agency" when Lucas was DPM director and that, with his transfer to JHS and the Public Health Trust (PHT), that designation was transferred along with him and now JHS is considered a lead agency. Press and Roundtree advised that USC is a "cooperative" and that it is viewed as a beneficial arrangement that allows for PHT, the county and other governmental entities to access competitively bid contracts through USC, which receives a fee based on a percentage of each contract. "The issue of cooperative procuring is something that we in public purchasing advocate as much as possible," Roundtree said.

Press noted that USC neither buys nor sells anything to the county. "You can't call them a vendor," she said. Ms. Press did say she had knowledge that Lucas and his family attended USC's annual board meeting this past February in San Diego. Ms. Press said she learned about the trip from Tom Blaine, whom she described as a "disgruntled"

former employee at PHT. She said he served as procurement director under Lucas, who is VP for procurement at JHS. [She also provided his phone number, (786) 243-3476.] Neither she nor Roundtree claimed to have any knowledge of any improper conduct by Lucas as it relates to procurement practices, though Press suggested that Blaine might have some such information.

Press said she felt that there was a “perception” issue raised by the possibility Lucas may have received a free trip for himself and/or his family. She said that Lucas traveled with his wife and their child. She said he may have attended previous meetings as well, but was not sure. She said that she belongs to two boards, including the National Institute of Governmental Purchasing (NIGP), and that NIGP has never paid for her travel-related expenses. She said the County pays her travel and expenses “when it has the money” and that, when it doesn’t, she pays for her travel out of pocket. She said she believes it looks bad for Lucas to take a free trip, even if reported.

Tom Blaine, former procurement director  
Jackson Health System  
Phone: (786) 243-3476  
Aug. 4, 2010

Mr. Blaine advised he worked as procurement director at JHS for three years, and said that he felt Lucas repeatedly “pushed” his staff to go with contracts obtained through USC. He noted Lucas is on the advisory board of USC and attends frequent out-of-town meetings, which he contends are “paid for by a bunch of vendors.” He said that fees from vendors provide revenues for USC, but added that vendors themselves do not directly pay for the trips, some of which are to “resort” locations such as La Jolla (San Diego) and involve leisure activities such as golfing. “He constantly pushed USC’s vendors as opposed to other vendors or contracts we had access to, especially after he came back from one of those meetings,” Blaine said.

Blaine cited Office Depot as an example, saying that Lucas pushed him to make purchases through USC but that he refused after research he conducted on the Internet showed Office Depot had been sued by several states for overcharging. He said that Lucas ordered a partial cost analysis using a “market basket” of commonly purchased items, and that the information provided by Office Depot showed that Office Depot was cheaper. However, he said that a subsequent review showed that JHS’s existing supplier – Corporate Express, now Staples – was cheaper. He said that the contract would have been worth hundreds of thousands or even millions.

Blain said that Melba White, a buyer in the procurement department at JHS, would complain about Lucas attempting to steer business to USC, citing as an example his alleged preference for an out-of-town uniform vendor that had just gotten a contract through USC. He said he didn’t know if the company was more or less expensive than a local vendor JHS was using at the time. He said that White reports to Fidel Alvarez and that they both complain to him about Lucas. “They have more details. They just complained to me. I thought he just pushed and pushed and pushed and probably

because he was on the board.” Blaine said he could not say whether this provided any financial benefit to Lucas, other than the “prestige” associated with serving on the board and all the free trips. He noted there is a “rumor” among other procurement groups that the next USC meeting will be on a cruise ship.

Ted Lucas, VP Strategic Sourcing Division  
Jackson Health System/PHT  
Phone: (305) 585-7333  
Aug. 5, 2010

Mr. Lucas said he anticipated the issues that have been raised in connection with the investigation. He said he exchanged e-mails with COE Executive Director Robert Meyers several years ago and was advised that it would be acceptable for him to travel to events sponsored by USC at the organization’s expense. He noted that USC was created by the National Association of Counties (NACo) and the U.S. Conference of Mayors, and is not-for-profit entity and not a contractor or vendor.

He stated that JHS is a member of USC and that its participation is considered a “best practice” with respect to procurement practices. He said that USC is one of many options available to JHS, but he denied allegations that he has “pushed” his staff to use its contracts or provide preferential treatment. He said it may seem that this is the case when he returns from annual meetings because he has just received a “refresher” about available contracts and services. He said he considers USC to be only one of many options available to JHS and his staff, adding that he would not rely on USC if something could be done cheaper in-house.

Lucas said that USC has only paid for his travel. He said that his wife and child did not attend the most recent board meeting this past January/ February. He said that he has paid for them to attend previous meetings, usually by making payments to a USC travel coordinator. He said he would attempt to provide copies of the e-mail correspondence with COE and travel-related documents.

Fidel Alvarez, procurement manager  
Jackson Health System  
Phone: (305) 585-7058  
Aug. 11, 2010

Mr. Alvarez advised that Melba White is a buyer for JHS and that she reports to him. He said that White is in charge of the office supplies contract and the vendor is now Staples, formerly Corporate Express. He said that some time ago – “when Tom (Blaine) was here” – Blaine instructed White to “look into” using Office Depot as an alternate vendor through the U.S. Communities. He said that, a time later, he and White met with Lucas and with reps from Office Depot. He said that following a cost comparison, it was determined that the existing contract with Staples/Corporate Express was more cost-effective, and that a decision was made to remain with the incumbent vendor.

Alvarez said that he never felt pressured by Lucas to use Office Depot and that, furthermore, White never complained to him about pressure from Lucas. "Ted did ask me to look into it, but I say 'pressure' and 'look into it' are two different things. These guys from Office Depot went to him and said, 'We can save you some money.' So in his (Ted's) defense, I would have done the same thing (ask for a comparison with the existing vendor)." Alvarez said the recommendation to stay with the existing vendor was made to Blaine and that was the end of it. He said that he does not know the circumstances behind Blaine's departure from JHS, but did hear he might have been fired. He said that Lucas originally brought Blaine over from the County's DPM.

Melba White, procurement specialist  
Jackson Health System  
Phone: (305) 585-5291  
Aug. 11, 2010

Ms. White advised that she was never directed to give preferential treatment to U.S. Communities or any of its vendors, including Office Depot. She said she did handle the office supplies contract, and that a contract had been negotiated with Office Depot. She said that when she was asked to review the terms of the contract she felt it was important to get price quotes from the existing contractor, Corporate Express. She said she got quotes for the year of the contract and the following year. She said that the quotes were comparable to those of Office Depot; however, Office Depot was unwilling to provide "desktop delivery," which is a service that Corporate Express had been providing. She said this consists of delivering items directly to the departments for which they had been ordered. She said this obviates the need to have JHS's shipping department offload the merchandise and make deliveries.

White said she met with Office Depot reps and explained to them that in order to get the contract they would have to become familiar with Jackson and make desktop deliveries and that they felt it was too burdensome. She said they tried to find a DBE to provide this service but were unsuccessful and that it, because of this, a decision was made to stay with the existing vendor. White said that this was communicated to Blaine and that she never had any subsequent discussion with Lucas. "Ted never said anything to me and that's the honest truth," she said.

**Other findings:** COE reviewed documentation provided by Lucas and found that a USC travel coordinator, Connie Kuranko, advised Lucas on Aug. 9, 2010, that USC had only paid for his travel and lodging expenses. "This definitely shows from our perspective that we only paid for your flights alone," Kuranko wrote in her e-mail. Another e-mail provided by Kuranko and dated Jan. 7, 2009, indicates that Lucas paid for his wife's airfare for the 2009 convention in San Diego. That e-mail was from Gwen Paquin of Vacation Discounters and shows that Lucas paid \$327.40 for his wife's travel. On Aug. 12, 2010, COE consulted Kuranko via e-mail and she verified that the information supplied by Lucas, as reflected in the e-mails, was authentic.

COE also reviewed its files and was able to corroborate Lucas' claim that he queried COE Executive Director Robert Meyers several years ago about whether it was okay to accept travel and lodging from USC. The file (INQ 06-14) shows that Lucas made such a request on Jan. 25, 2006, and that Mr. Meyers responded on Feb. 7, 2006. In his response, Meyers concluded that USC was not a vendor under the County Code since the county did not contract directly with USC and USC did not meet the definition of being a vendor, bidder, contractor or service provider. He advised Lucas that he could allow USC to cover transportation, lodging and other expenses associated with his attendance of the annual advisory board meeting.

**Conclusion:** The investigation suggests that the allegations made against Lucas are baseless and that Lucas acted properly as it relates to his dealings with USC. The findings reveal that Lucas did request an opinion from COE as to whether he could accept travel expenses and that accepting such expenses did not violate the ethics code. The findings further reveal that Lucas did not violate the ethics code as it relates to gift disclosures in so much as the available evidence shows he paid for his wife's travel and therefore did not receive a gift from USC.

Lastly, the investigation found that employees handling the office supplies contract for JHS who were asked to consider using a USC vendor stated that they did not feel pressured by Lucas to award contracts to said vendor (Office Depot) and that Lucas at no time asked them to reconsider their recommendation when it was determined that the incumbent vendor was more cost-effective and should retain the contract.

Accordingly, it is recommended that this case be closed without further action.