

OFFICE OF THE INDEPENDENT ADVOCATE  
MIAMI-DADE COUNTY COMMISSION ON ETHICS & PUBLIC TRUST  
REPORT OF INVESTIGATION

K #: 07-109 Lawson Software/ Dominic LaRocca

Date Opened: Aug. 16, 2007

Date Closed: Sept. 11, 2007

Name of investigator: Karl Ross, Kennedy Rosario  
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**Allegation:**

Based on information provided initially by Dominic LaRocca, it was alleged that sales executives at Lawson improperly engaged LaRocca to lobby officials at Jackson Memorial Hospital (JMH) in an attempt to influence the awarding of a \$20 million contract for Enterprise Resource Planning software through RFP No. 06-5145. At the time Lawson allegedly approached LaRocca, officials at Jackson had tentatively decided to award the contract to a rival firm, Siemens Healthcare. LaRocca claims his purpose was to act as “the behind the scenes voice for Lawson Software and using [sic] my Miami-Dade County residency as camouflage.” LaRocca further alleged he was encouraged by Lawson sales executives to contact senior management at Jackson – including JMH CEO and Executive Director Marvin O’Quinn and Chief Procurement Officer Ted Lucas – as well as members of the selection committee for the RFP. LaRocca’s subsequent activities took place during the Cone of Silence period.

As described below, the investigation suggests violations of the following sections of the Miami-Dade County Conflict of Interest and Code of Ethics Ordinance:

- Section 2-11.1(s) *Lobbying*, which states in subsection (2) that: “All lobbyists shall register with the Clerk of the Board of County Commissioners within three business days of being retained as a lobbyist or before engaging in lobbying activities, whichever shall come first.”

- Section 2-11.1(s) *Lobbying*, which states in subsection (2)(c) that: “Prior to conducting any lobbying, all principals must file a form with the Clerk of the Board of County Commissioners, signed by the principal or the principal’s representative, stating that the lobbyist is authorized to represent the principal.”
- Section 2-11.1(t) *Cone of Silence*, which states in subsection (1)(a) that “any communication regarding a particular RFP, RFQ or bid between a potential vendor, service provider, bidder, lobbyist or consultant and the County’s professional staff, including but not limited to the county manager and his or her staff” is prohibited during the imposition of the Cone of Silence.
- Section 2-11.1(t) *Cone of Silence*, which states in subsection (c) that written communication between a lobbyist or proposer during the Cone of Silence period may be permitted so long as: “The bidder or proposer shall file a copy of any written communication with the Clerk of the Board. The Clerk of the Board shall make copies available to any person upon request.”

It should be noted that, for the purposes of interpreting and enforcing the ethics ordinance at JMH, Ivenette Cobb, executive assistant to the Public Health Trust’s governing board, serves in an equivalent capacity to the Clerk of the Board. Ms. Cobb has been designated as the official at Jackson who receives copies of any formal notices and correspondences during the RFP process.

**Investigation:**

The investigation started after Mr. LaRocca met with CEO investigators Breno Penichet, Kennedy Rosario and Karl Ross on Aug. 16, 2007, and expressed concerns he may have violated the county’s ethics ordinance while acting on behalf of Lawson sales executives who were soliciting a \$20 million software contract at the time with Jackson Memorial Hospital. Lawson is a multi-national software firm headquartered in St. Paul, Minn., and with 40 offices worldwide. Lawson was the top-ranked proposer among three firms responding to an RFP issued in 2006 for Enterprise Resource

Management software at Jackson. However, on Jan. 24, 2007, Lawson officials were notified by Jackson that the contract would instead be awarded to a rival firm, Siemens Healthcare, as part of a consolidated “Single Source Vendor Selection.”

LaRocca said that, shortly thereafter, he was directed by Lawson sales executives – in particular Ricky Arredondo and Frank Urso – to “make some noise” about the decision to award the contract to Siemens. He said he was instructed to contact senior Jackson officials, members of the selection committee and members of the media in an attempt to undermine support for the “single source” option and to advocate on behalf of splitting the contract between Siemens and Lawson. He said that Siemens had been selected as the top proposer for a Patient Accounting software contract, while Lawson was the top proposer for the ERP contract. LaRocca was asked to provide evidence in support of his claims.

On Aug. 21, LaRocca sent investigators an e-mail with attachments that tended to support his allegations. As part of that e-mail, LaRocca summarized his relationship with Lawson. He stated that during a conference call with Lawson sales executives Urso and Arredondo, instructed him to act as “the behind the scenes voice for Lawson” and encouraged him to contact Jackson’s “executive management.” He was unable to provide evidence of a written agreement for lobbyist or professional services with Lawson, but said one had previously been negotiated through a Coral Gables-based firm, Veracity Management Group. He did provide e-mails indicating he attempted to lobby Jackson CEO Marvin O’Quinn and Jackson’s chief procurement officer, Ted Lucas. Investigation subsequently confirmed that both O’Quinn and Lucas received said e-mail correspondences in February 2007.

LaRocca provided additional e-mails between himself and Lawson sales rep Arredondo in which Arredondo instructed him to “discretely” mail a hypertext link to two members of the Jackson selection committee for the RFP in question. The link was to an article in a healthcare journal reporting a Feb. 8, 2007, agreement between a

Siemens affiliate and the U.S. Attorney's Office in Chicago resulting in a guilty plea to a federal obstruction of justice charge in which Siemens also agreed to pay a \$1 million fine. The e-mail from Arredondo to LaRocca stated: "We do not want this coming from Lawson, but the taxpayers of Miami need to be aware of this." LaRocca said this was evidence of Lawson's attempt to conceal his relationship with the company.

On Aug. 24, 2007, investigators Ross and Rosario met with Jackson's procurement chief, Ted Lucas, to discuss LaRocca's allegations. Also present at that meeting was Rogelio Anasagasti, an assistant to Lucas. Lucas said he had no recollection of meeting LaRocca, but upon reviewing his e-mail files discovered that he had, in fact, received an e-mail correspondence from LaRocca on Feb. 14, 2007. He showed his computer screen to investigators, allowing investigators to observe that the e-mail from LaRocca was unopened. He then opened the e-mail and printed out a copy, which was identical to the e-mail provided by LaRocca. Upon reading the e-mail, Lucas agreed that LaRocca was attempting to lobby him in that he criticized the Siemens deal, saying: "This RFP wrecks [sic] with a foul stench." LaRocca further stated in the e-mail that Jackson followed a "very flawed process" in arriving at its decision in favor of Siemens. The subject box for the e-mail from LaRocca described the subject as "RFP – Single Source Solution."

Mr. Lucas told investigators that the decision to revisit the proposed award to Siemens came about as a result of "pushback" from Jackson's IT staff, which raised concerns about Siemens' subcontractor for the ERP portion, a software firm known as SAP. As a result, Lucas said Jackson staff visited four healthcare facilities – two using SAP products and two using Lawson products. He said that as a result of this field research – in which staff determined Lawson's software was more user friendly – a decision was made by Jackson's selection committee to award the ERP portion of the contract to Lawson, while Siemens would retain the Patient Accounting portion. He said that LaRocca, in his opinion, had no influence whatsoever in Jackson's decision to

revisit the Siemens deal and reverse its decision. Even so, Lucas said that LaRocca was not an “authorized representative” of Lawson and should have been registered to lobby on the company’s behalf. He further advised the Cone of Silence was in effect at the time LaRocca sent him the e-mail, and remains in effect at the present time. He said Jackson is presently negotiating the terms of the contract with Lawson.

Lucas said he would contact Jackson’s CEO, Mr. O’Quinn, as well as procurement staff and members of the selection committee for the RFP to attempt to locate other e-mails or evidence of improper lobbying by Lawson/ LaRocca.

On Aug. 28, 2007, Lucas forwarded an e-mail dated Aug. 2, 2007, from Lawson account executive Frank Urso in which Mr. Urso raises concerns about LaRocca and his purported relationship with Lawson. While the e-mail maintains Lawson has no formal relationship with LaRocca, it does go on to state, in applicable part, that Lawson did contact LaRocca in connection with the RFP and that LaRocca “is believed to have written a letter to Jackson earlier this year, **at Lawson’s suggestion** (my bold), in which Jackson’s award to SAP/ Siemens was criticized and reversal in Lawson’s favor was requested.”

On Sept. 6, 2007, Mr. Lucas forwarded another e-mail from LaRocca dated Feb. 5, 2007, in which LaRocca writes Jackson CEO Marvin O’Quinn in an attempt to lobby him with regard to the ERP contract. With the subject heading “ERP Selection,” Mr. LaRocca states in his e-mail that the Siemens deal is “quite troubling” as a result SAP’s allegedly poor track record in the healthcare field, in particular at Johns Hopkins in Baltimore, Md., which he said was experiencing delays and cost overruns. The e-mail goes on to state that Lawson is going to protest the Siemens deal and “the whole thing is going to have to be re-bid again.” LaRocca goes on to state: “It would make the most sense to award the Patient Accounting System to Siemens and the ERP to Lawson as they were the leaders in scoring on their respective RFPs.”

Lucas indicated in his Sept. 6 e-mail to COE that Mr. O'Quinn told him "he barely remembered" the e-mail from LaRocca and "didn't pay any attention to it."

At no point in either of the e-mails to O'Quinn or Lucas does LaRocca disclose that he is acting on behalf of Lawson. A review of records with Ms. Cobbs' office further indicates that LaRocca did not register as a lobbyist on behalf of Lawson, and that Lawson, likewise, neglected to file a form authorizing LaRocca to serve in that capacity. It was further determined by the investigation that LaRocca did not file a copy of his written correspondences to O'Quinn and Lucas with the Ms. Cobbs' office.

Investigators were unable to find evidence of any other instances in which Mr. LaRocca improperly contacted members of Jackson's executive staff or selection committee. The Feb. 13, 2007, e-mail from Lawson's sales executive Arredondo did instruct LaRocca to contact two members of Jackson's selection committee for the RFP in question – Lucy Millor and Mahnaz Parsi – and distribute negative press clippings about Siemens. Investigators contacted Ms. Millor and Ms. Parsi, and both stated they had reviewed their e-mails and found no items from LaRocca. The procurement officer assigned with chairing the RFP's selection committee, Andrea Garland, also affirmed she had not been contacted by LaRocca either in person or by e-mail. She said she was not aware of any such communication between LaRocca or anybody else serving on the seven-member panel. She did say she recalled seeing LaRocca at a selection committee meeting, but he did not speak. She said he did not identify himself in the sign-in log as representing Lawson during that meeting.

On Sept. 4, 2007, COE investigator Ross spoke with Lawson outside counsel Richard Katz, who advised he had interviewed Lawson sales team members including Mr. Arredondo, now with competitor Oracle, and Frank Urso, the leader of Lawson's sales effort at Jackson. Mr. Katz stated that based on his inquiry, he found that: "I believe our folks did ask LaRocca to write a letter and say, 'Hey, that's a lousy deal.'" He said the decision was reached at a "post-loss" sales team meeting occurring shortly

after Jackson sent Lawson a rejection letter on Jan. 24, 2007. He said the purpose of the letter was to reverse the Siemens deal, but added: "Nobody at Lawson scripted the letter ... Whoever scripted it should be shot." Katz said that, in his view, the tone of Mr. LaRocca's letter(s) was at times "unprofessional."

In a Sept. 4, 2007, interview with Ricky Arredondo, Mr. Arredondo advised he had a longstanding personal and professional relationship with LaRocca, and that the two had collaborated on past business ventures with other employers. He said the nature of these ventures is commonly referred to as "ankle-biting" in the IT industry, a term that describes how major players allow smaller firms to participate in large contracts. "That was the carrot we used," Arredondo said, explaining why LaRocca agreed to assist Lawson in its efforts to unseat Siemens. In particular, he said LaRocca could be expected to participate in lining up IT professionals to fill an anticipated 20 positions at Jackson that would be required to implement Lawson's ERP software. (Mr. LaRocca is affiliated with an executive recruiting firm for IT placements called Linq Group LLC.)

Mr. Arredondo went on to state that following the rejection letter from Jackson, Lawson sales executives decided to use LaRocca, on his recommendation, to "feed him information about our competitors" in an attempt to influence both public opinion and officials at Jackson. He cited SAP's reported problems at Johns Hopkins as an example of the kind of information Lawson wished to disseminate. (LaRocca made references to Johns Hopkins in his e-mail letters to both Mr. Lucas and Mr. O'Quinn.) Arredondo said he could not recall whether he specifically instructed LaRocca to contact officials at Jackson. He did confirm, however, that he wrote the Feb. 13, 2007, e-mail instructing LaRocca to send a negative article to members of the Jackson selection committee. At the time of the interview, Arredondo claimed he could not identify the intended recipients of the article. Investigators later confirmed the intended recipients were in fact selection committee members. Arredondo also claimed he cautioned LaRocca to abide

by the county's Cone of Silence rules. He said he has since distanced himself from LaRocca, noting he was "aghast" at some of the remarks made by LaRocca in his efforts to advance Lawson's interests.

On Sept. 10, 2007, investigator Ross interviewed Lawson's chief account executive at Jackson, Frank Urso. Mr. Urso confirmed he wrote the e-mail to Ted Lucas dated Aug. 2, 2007, in which he affirms Lawson engaged LaRocca to write letters criticizing the Siemens deal "and reversal in Lawson's favor requested." He said Lawson sought to use LaRocca for this purpose because he had no formal affiliation with Lawson, noting that because of the RFP process and the Cone of Silence: "We couldn't reach out to anybody at Jackson directly." He said that when Lawson sales executives first discussed having a third party contact Jackson to scuttle the Siemens deal, he thought to himself: "Jeez, that might violate the rules ..." He said he ultimately gave the "go-ahead" for LaRocca to do precisely that. Mr. Urso, who described himself as the "quarterback" for Lawson's sales team, said: "Ricky (Arredondo) suggested using Dominic to write the letters, and I told him, 'Go for it.'" He said he provided no further direction to LaRocca, delegating that responsibility to Arredondo as a result of their longstanding relationship. He said he later came to regret this decision because of offensive remarks contained in LaRocca's letters and e-mails.

Lawson counsel Richard Katz, who participated in the Sept. 10, 2007, interview of Mr. Urso, stated that Lawson's primary focus at that time was preparing a possible bid protest and working within the RFP process to unseat Siemens. He said that while Lawson also engaged Mr. LaRocca to act on the company's behalf, he described this as an "extracurricular activity," and noted the absence of any formal agreement with aRocca, implicit or explicit. Katz did acknowledge, though, that LaRocca would be well positioned to receive a "financial benefit" if the Jackson contract were awarded to Lawson instead of to Siemens.



## **CONCLUSION:**

The investigation supports the initial allegations that Lawson improperly retained Mr. LaRocca to lobby Jackson officials on the company's behalf. When interviewed, Lawson sales executives acknowledge they engaged LaRocca for this purpose, despite misgivings by their team leader such activities could "violate the rules." This was also evident from Frank Urso's Aug. 2, 2007, e-mail to Ted Lucas in which he affirms that LaRocca was encouraged to write a letter, "at Lawson's suggestion, in which Jackson's award to SAP/Siemens was criticized and reversal in Lawson's favor requested." The Feb. 13, 2007, e-mail from Lawson sales rep Ricky Arredondo to LaRocca provides further evidence Lawson knowingly violated ethics rules by prompting LaRocca to "discretely" circulate a negative article about a rival firm. In the e-mail, Arredondo asks LaRocca to forward the article to two Jackson selection committee members, cautioning: "We don't want this coming from Lawson ..." The investigation shows that Lawson attempted to overturn the Siemens deal on two tracks – one track led by official Lawson representatives working within the RFP process and another, unofficial track, in which LaRocca was serving as their "behind the scenes voice." That Lawson's counsel described this as an "extracurricular activity" does not alter the fact that LaRocca, at Lawson's urging, improperly lobbied Jackson officials on at least two occasions, based on the evidence uncovered by the investigation.