

JEFFERSON COMMUNITY HEALTH CARE CENTERS



COMPLIANCE AUDIT
ISSUED AUGUST 1, 2012

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 1, 2012

**CYROUS ARDALAN, DMD, INTERIM CHIEF EXECUTIVE OFFICER,
AND MEMBERS OF THE BOARD OF DIRECTORS
JEFFERSON COMMUNITY HEALTH CARE CENTERS**
Harvey, Louisiana

We have audited certain transactions of the Jefferson Community Health Care Centers. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the propriety of certain financial transactions.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

The accompanying report presents our findings and recommendations as well as management's responses. This is a public report. Copies of this report have been delivered to the District Attorney for the Twenty-Fourth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/rp

JCHCC 2012

TABLE OF CONTENTS

	Page
Executive Summary	2
Background and Methodology.....	4
Findings and Recommendations:	
Improper Transfers of Clinic Funds into Personal Bank Account of Former Chief Financial Officer	6
Improper Uses of Public Funds	8
Clinic Involvement in Diversified Ventures’ Contract with Jefferson Parish Government	11
Councilman Improperly Voted on Clinic Transactions.....	15
Questionable Payments by Clinic.....	16
Recommendations.....	21
Attachments	Appendix A
Management’s Responses.....	Appendix B

EXECUTIVE SUMMARY

Improper Transfers of Clinic Funds into Personal Bank Account of Former Chief Financial Officer

In 2009, Jefferson Community Health Care Center, Inc. (Clinic) funds totaling \$207,135 were improperly transferred to the personal bank account of Ms. Ebony Williams, the Clinic's former chief financial officer. Ms. Williams was not entitled to receive these Clinic funds and may have violated both state and federal laws.

1. Former Clinic Chief Financial Officer Ebony Williams admitted that from August 2009 to December 2009, she electronically transferred \$123,127 of Clinic funds into her personal bank account for her personal use. Ms. Williams stated that she disguised these transfers as insurance premium and 401k benefit payments.
2. Ms. Williams also admitted that from May 2009 to July 2009, \$84,008 of Clinic funds were also transferred to her personal bank account, but she claimed that these transfers were authorized and made by Ms. Carol Smith, the Clinic's former chief executive officer. Ms. Williams stated that these transfers were payments for her services performed to create a new private for-profit business. However, Ms. Smith has denied authorizing and making these bank transfers.

Improper Uses of Public Funds

Our audit revealed that Clinic funds totaling \$135,101 were improperly used as follows:

- \$17,744 of unearned leave benefits was paid to Ms. Carol Smith.
- \$2,999 of unearned leave benefits was paid to Ms. Ebony Williams.
- \$15,385 of personal loans and payroll advances made to employees was charged off as uncollectible.
- \$1,000 was donated to a political campaign.
- \$92,000 was invested in a for-profit business.
- \$5,973 was spent on an employee Christmas party.

These payments may have violated state law, Internal Revenue Service regulations, and the Louisiana Constitution.

Clinic Involvement in Diversified Ventures' Contract with Jefferson Parish Government

Former Chief Executive Officer Carol Smith improperly invoiced Clinic medical services to Diversified Ventures (Diversified), a company that had a Hurricane Katrina contract (*Operation Lifeline*) with Jefferson Parish Government (Parish). These actions resulted in the Clinic receiving improper payments from the Parish. This and other issues, including issues unrelated to the Clinic, were identified as follows:

1. In 2005, Ms. Smith invoiced \$80,179 of services performed by Clinic employees to Diversified. Diversified then billed the Parish for these services and was paid. Diversified then remitted payment to the Clinic. This \$80,179 of medical services invoiced by Ms. Smith to the Parish (through Diversified) included charges that may have violated state and federal laws by falsely invoicing the Parish \$26,065 (through Diversified) for services that were not provided and invoicing Medicaid \$618 for services that were also paid by the Parish.
2. Parish Council Aide Pamela Watson, the sister of Carol Smith, may have violated state law by approving Diversified invoices and participating in Parish transactions with the Clinic since Ms. Smith (an immediate family member) held an economic interest in these transactions.

Councilman Improperly Voted on Clinic Transactions

Jefferson Parish Councilman Byron Lee may have violated state law by voting on 10 Parish Council resolutions and one ordinance in which members of his immediate family held an economic interest.

Questionable Payments by Clinic

From July 2005 to January 2012, the Clinic issued payments totaling \$194,039 which may violate the Louisiana Constitution. These Clinic payments appeared to be either excessive, not supported with adequate documentation or were for services that may not have been provided.

BACKGROUND AND METHODOLOGY

The Jefferson Community Health Care Centers, Inc. (Clinic) is a 501(c) (3) nonprofit corporation that was established in 2004 to deliver health care to the uninsured and underinsured residents in Jefferson Parish and the surrounding area. The Clinic offers social services at multiple sites and assists residents/patients with the following services: Medicaid applications, medications assistance, specialty referrals, patient education, and continuous networking with various community organizations to ensure that all patients' needs will be addressed.

The Clinic is a quasi-public agency¹ (a not-for-profit organization that receives or expends any local or state assistance in any fiscal year) and is accordingly subject to the state audit law.² During the period covered in this public report, 2004 through 2012, the Clinic was funded by public subsidies through cooperative endeavor agreements with Jefferson Parish Government, West Jefferson Medical Center, and East Jefferson General Hospital. Also, the Clinic received federal funding, revenues from patients and insurance companies, and in-kind contributions.

Previously, on January 27, 2010, the Louisiana Legislative Auditor (LLA) issued a public report on the Clinic which, among other things, reported that the Clinic's funds were being commingled and not being accounted for separately as to whether they were for public or private use. According to Clinic records, the Clinic began in July 2010 to separately account for its public and private funds. Louisiana law² states that when public assistance received and/or expended by a quasi-public agency¹ is commingled with other funds of the quasi-public agency¹ then such assistance and other funds of the quasi-public agency¹ shall be audited as public funds. Since the Clinic did not change its accounting practices until July 2010, we considered funds expended by the Clinic prior to July 2010 to be public funds and subject to all applicable state laws.

Subsequent to the issuance of our 2010 report, Chief Executive Officer (CEO) Carol Smith resigned in February 2010 and Chief Financial Officer (CFO) Ebony Williams was terminated in March 2010. Since that time, the Clinic has hired an interim CEO and permanent CFO.

The LLA received information alleging improper use of Clinic funds. As a result, we reviewed Clinic records to determine the propriety of the allegations. The procedures performed during this audit included:

¹ Louisiana Revised Statute (R.S.) 24§513(A) (1) (b) (iv) defines a quasi-public agency as "any not-for-profit organization that receives or expends any local or state assistance in any fiscal year."

² R.S. 24§513(J) (d) provides, in part, "... if state or local assistance received and/or expended by a quasi-public agency or body is commingled with other funds of the quasi-public agency or body then such state or local assistance and other funds of the quasi-public agency or body shall be audited pursuant to Subparagraph (1) (c) of this Subsection."

- (1) interviewing employees of the Clinic;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records of the Clinic;
- (4) gathering and examining documents and records from external parties; and
- (5) reviewing applicable state and federal laws and regulations.

FINDINGS AND RECOMMENDATIONS

Improper Transfers of Clinic Funds into Personal Bank Account of Former Chief Financial Officer

In 2009, Jefferson Community Health Care Center, Inc. (Clinic) funds totaling \$207,135 were improperly transferred to the personal bank account of Ms. Ebony Williams, the Clinic's former chief financial officer (CFO). Ms. Williams was not entitled to receive these Clinic funds and may have violated both state and federal laws.^{3, 4, 5}

1. Former Clinic CFO Ebony Williams admitted that from August 2009 to December 2009, she electronically transferred \$123,127 of Clinic funds into her personal bank account for her personal use. Ms. Williams stated that she disguised these transfers as insurance premium and 401k benefit payments.
2. Ms. Williams also admitted that from May 2009 to July 2009, \$84,008 of Clinic funds were also transferred to her personal bank account, but she claimed that these transfers were authorized and made by Ms. Carol Smith, the Clinic's former chief executive officer (CEO). Ms. Williams stated that these transfers were payments for her services performed to create a new private for-profit business. However, Ms. Smith has denied authorizing and making these bank transfers.

Our analysis of the banking records of both the Clinic and Ms. Williams from May 13, 2009, to December 22, 2009, revealed that in addition to Ms. Williams receiving her Clinic salary, funds totaling \$207,135 (\$123,127 + \$84,008) were also transferred to her personal bank account from the Clinic's bank accounts.

These Clinic monies deposited into Ms. Williams' personal bank account were accomplished by automatic clearing house (ACH) electronic transfers performed through the bank's Web site. We noted that the Clinic employee who executes an ACH bank transfer has the ability to input/type a description (e.g., payee) for the transfer. None of the descriptions input for the \$207,135 of Clinic funds transferred reflected the name of Ebony Williams, the actual recipient of these funds.

³ **R.S. 14§67** states, in part, "Theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential."

⁴ **United States Code 18§666(A)** defines theft concerning federal funds, in part, as "an agent of an organization who embezzles, steals, obtains by fraud, or otherwise without authority knowingly converts to the use of any person other than the rightful owner or intentionally misapplies, property."

⁵ **United States Code 18§1343** defines wire fraud concerning federal funds, in part, as "Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice."

The descriptions for these transfers, as shown in the Clinic's bank records, were either input as "Hartford" or "Benifits" [sic](see examples below). The bank account in which these Clinic funds were actually transferred to is titled to Ebony Williams who has no relationship with *The Hartford* or with any other employee benefit providers of the Clinic. *The Hartford* is an insurance and 401k provider for Clinic employees and is paid electronically by the Clinic. However, as shown below, the description for a valid transfer to pay *The Hartford* appears differently ("The Hartford Epycorpac") on the Clinic's bank statements compared to the descriptions ("Hartford" or "Benifits"[sic]) input for transfers to Ms. Williams' personal bank account.

Valid Transfer to The Hartford

DATE	DESCRIPTION	AMOUNT
08/12	The Hartford Epycorpac [REDACTED] CCD ID: [REDACTED]	- 3,082.14

***Source - Clinic Bank Statements**

Improper Transfers to Ms. Ebony Williams Personal Bank Account

DATE	DESCRIPTION	AMOUNT
08/31	Online ACH Payment 249787925 To Hartford (##### [REDACTED])	- 4,061.08
08/13	Online ACH Payment 243886554 To Benifits (##### [REDACTED])	- 4,187.32

***Source - Clinic Bank Statements**

Ms. Williams admitted to improperly transferring \$123,127 of Clinic funds to her personal bank account from August 2009 to December 2009. Also, Ms. Williams admitted to previously receiving \$84,008 of Clinic funds from May 2009 to July 2009, but stated that these funds were authorized and transferred to her personal bank account by former Clinic CEO Carol Smith as payment for her (Ms. Williams') services provided to create a new for-profit private business.

Ms. Williams stated she was provided access by Carol Smith to the Clinic's online banking Web site in July 2009, a few weeks after Carol Smith stopped the payments to her for the for-profit private business work. Ms. Williams claimed that she began to transfer Clinic funds to her personal bank account soon after she received the online banking access because she felt that she was entitled to receive these payments based on her previous work to create a for-profit business. However, Clinic records show that Ms. Williams had online banking access as

early as May 2009. Clinic records show that on May 13, 2009, Ms. Smith emailed Ms. Williams (see Attachment #1) to request an explanation for two transfers made with the description “The Hartford.” In her emailed response, Ms. Williams stated that the transfers were for life insurance payments that were never made and that the payments were submitted electronically to avoid cancellation. However, our audit revealed that these two Clinic transfers were actually the first two improper transfers made to Ms. Williams’ personal bank account.

Ms. Smith stated that she has never made any transfers from the Clinic’s bank accounts to Ms. Williams’ personal bank account and that she does not know how to make online bill payments or transfers using the bank’s Web site. Ms. Smith further stated that Ms. Williams did present a for-profit business idea to the Clinic’s board of directors, but that the business was never started and Ms. Williams was never paid for any of the services performed regarding the possible business venture.

Since Ms. Williams admitted to transferring \$123,127 of Clinic funds to her personal bank account for her personal use and because she did not have authorization to receive the \$84,008 of Clinic funds that were previously transferred into her personal bank account, Ms. Williams was not entitled to receive any of the \$207,135 in payments. As a result, Ms. Williams may have violated state and federal laws.^{3, 4, 5}

Improper Uses of Public Funds

Our audit revealed that Clinic funds totaling \$135,101 were improperly used as follows:

- **\$17,744 of unearned leave benefits was paid to Ms. Carol Smith.**
- **\$2,999 of unearned leave benefits was paid to Ms. Ebony Williams.**
- **\$15,385 of personal loans and payroll advances made to employees was charged off as uncollectible.**
- **\$1,000 was donated to a political campaign.**
- **\$92,000 was invested in a for-profit business.**
- **\$5,973 was spent on an employee Christmas party.**

These payments may have violated state law,³ Internal Revenue Service regulations,⁶ and the Louisiana Constitution.^{7, 8}

⁶ **Internal Revenue Service Publication 557** regarding 501(c) (3) organizations states, in part, that “If any of the activities (whether or not substantial) of your organization consist of participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for public office, your organization will not qualify for tax-exempt status under section 501(c) (3). Such participation or intervention includes the publishing or distributing of statements. Whether your organization is participating or intervening, directly or indirectly, in any political campaign on behalf of (or in opposition to) any candidate for public office depends upon all of the facts and circumstances of each case. Certain voter education activities or public forums conducted in a nonpartisan manner may not be prohibited political activity under section 501(c) (3), while other so-called voter education activities may be prohibited.”

⁷ **Article VII, Section 14 of the Louisiana Constitution** provides, in part, “except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.”

Former CEO Carol Smith's Improper Leave Benefits

In total, Ms. Smith was improperly paid \$17,744 for 206 vacation leave hours that she did not earn or was not entitled to receive. As CEO since the Clinic's inception in 2004, Ms. Smith was responsible for implementing the provisions in the personnel manual and therefore was knowledgeable of the restrictions on vacation leave accumulation and payouts. As a result, the excess payments of vacation leave to Ms. Smith may have violated state law.³

- The Clinic's personnel manual allows employees to receive payment for their accrued vacation leave, but limits the amount of vacation leave an employee can accumulate to 120 hours. In 2009, according to our calculations, Ms. Smith was improperly paid \$8,686 for 104 accrued vacation leave hours in excess of the number of hours allowed by Clinic policy.

Clinic documentation shows that on September 9, 2009, Ms. Smith received a check totaling \$18,708 for payment of 224 hours of accrued vacation leave. As stated above, an employee can only accumulate up to 120 hours of vacation leave; therefore, Ms. Smith received payment for 104 hours (\$8,686) in excess of what the policy allowed. We also noted that on the following day (September 10, 2009), Ms. Smith paid \$16,000 to the Clinic as payment on a personal loan she had received from the Clinic. As previously reported in our January 27, 2010, report, Ms. Smith received several improper loans from the Clinic (addressed on page 10).

Since Ms. Smith was improperly paid \$8,686 for 104 hours of vacation leave in excess of what she was entitled to receive, this excess payment to Ms. Smith may have violated state law.³

- The Clinic's personnel manual requires employees to earn/accrue their vacation leave throughout the year and allows employees to receive payment for unused vacation leave upon separation from employment.

According to current Clinic CFO Dana Delpit, in January 2010, an accounting department employee improperly recorded the vacation leave accruals for 2010 for all Clinic employees as already being earned (i.e., in advance). Ms. Delpit told us that prior to her (Ms. Delpit's) hiring in June 2010, Ms. Smith and Ms. Ebony Williams (see following section) were the only Clinic employees who may have been paid for 2010 vacation leave that was improperly advanced.

In January 2010, prior to her separation of employment (in February 2010), Ms. Smith was paid for 38 hours of 2010 vacation leave that she had not earned which, according to our calculations, equated to a value of \$3,405. Also, two weeks prior to her resignation, she was again improperly paid \$5,653 for 64 hours of vacation leave that she had not earned and was not entitled to receive. Since Ms. Smith was improperly paid \$9,058 for

³ **Article VII, Section 14 of the Louisiana Constitution** provides, in part, "except as otherwise provided in this Section, neither the state nor a political subdivision shall subscribe to or purchase the stock of a corporation or association or for any private enterprise."

102 hours of vacation leave she did not earn and was not entitled to receive, these excess payments to Ms. Smith may have violated state law.³

Former CFO Ebony Williams' Improper Leave Benefits

In 2010, following Ms. Williams' termination, she was improperly paid \$2,999 for 96 hours of vacation leave that she did not earn and was not entitled to receive. Since the Clinic made this payment to Ms. Williams that was not required and did not serve a public purpose, the payment may constitute a donation and therefore violate the Louisiana Constitution.⁷

The Clinic's personnel manual requires employees to earn/accrue their vacation leave throughout the year and allows employees to receive payment for unused vacation leave upon separation of employment. However, as mentioned previously, an accounting department employee improperly recorded the 2010 vacation leave accrual for all Clinic employees as being earned in advance. Therefore, upon her termination in March 2010, Ms. Williams was improperly paid for 96 hours of 2010 vacation leave that she had not actually earned and was not entitled to receive.

Uncollected Personal Loans and Payroll Advances

In our previous Clinic report dated January 27, 2010, we disclosed that the Clinic made improper loans and/or payroll advances totaling \$101,599 to 18 of its employees. According to Clinic records for 2009 and 2010, unpaid balances totaling \$15,385⁹ for three former employees were charged off as uncollectible which may violate the Louisiana Constitution.⁷

Unpaid loan balances totaling \$15,385 for three former Clinic employees, one of which was former CEO Carol Smith,⁹ were charged off as uncollectible. The Clinic could not provide documentation of any attempts made to collect these funds following their separation of employment. Attorney General (AG) Opinion 03-0444¹⁰ states that for an agency to not violate the Louisiana Constitution⁷ it must exercise every reasonable means to recover debts owed. Since it appears that the Clinic made no attempts to recover the funds from the former employees prior to charging off the balances owed, the Clinic may have violated the Louisiana Constitution.⁷

Improper Political Donation to Councilman Byron Lee's Campaign

Former Clinic CEO Carol Smith authorized a \$1,000 political donation using Clinic funds which may have violated Internal Revenue Service (IRS) regulations⁶ applicable to 501(c) (3) nonprofit organizations and placed the Clinic's tax-exempt status in jeopardy. Furthermore, since the donation was made using the Clinic's commingled funds (public and private funds), the Clinic may have violated the Louisiana Constitution.⁷

⁹ \$9,977 of the \$15,385 uncollected loan balance is attributed to former CEO Carol Smith.

¹⁰ AG Opinion 03-0444 provides, in part, that "a payment for something that the employee did not earn, is a bonus and is prohibited by Article VII, Section 14 of the Louisiana Constitution. It stands to reason, therefore, that the agency must exercise every reasonable means to recover the overpayment."

On May 27, 2009, Ms. Smith signed a \$1,000 Clinic check that was issued to the Committee to Elect Byron L. Lee for a Platinum Sponsorship in Councilman Lee's annual golf tournament. According to Councilman Lee, he did not know that the sponsorship was paid for by the Clinic and he believed that the four individuals who played in the tournament had paid for the sponsorship. Councilman Lee further stated that he would refund the \$1,000 campaign donation to the Clinic. As of May 14, 2012, the Clinic had no record of Councilman Lee refunding the Clinic's \$1,000 campaign donation.

Improper Business Investment

In November 2009, former Clinic CEO Carol Smith authorized the purchase of a \$92,000 equity investment in the Louisiana Partnership for Choice and Access, LLC, a for-profit business venture. The investment may have violated the Louisiana Constitution⁸ which specifically prohibits the state and its political subdivisions from subscribing or purchasing stock of a corporation or any private enterprise.

Although the Clinic is not a state agency or political subdivision, the Clinic is considered to be a quasi-public nonprofit entity¹ because it is funded in part with public funds. In AG Opinion 97-290,¹¹ the AG opined that quasi-public nonprofit entities¹ must adhere to the Louisiana Constitution⁸ regarding the investment of public funds. Since the Clinic used its commingled funds to purchase this equity position in a for-profit business, the Clinic may have violated the Louisiana Constitution.⁸

Improper Payments for Christmas Party

According to Clinic records, a total of \$5,973 was spent in 2009 on a Christmas party for Clinic employees which may have violated the Louisiana Constitution.⁷

Clinic funds were used to purchase catered food and lease a banquet hall for the 2009 Clinic Christmas party. In AG Opinion 03-0387,¹² the AG opined that the payment of or reimbursement for food, drink, or other expenses associated with luncheons, banquets, parties or other similar functions from public funds is improper under the Louisiana Constitution.⁷ Since the Clinic spent \$5,973 on catered food and a banquet hall for a Christmas party, it may have violated the Louisiana Constitution.⁷

Clinic Involvement in Diversified Ventures' Contract with Jefferson Parish Government

Former CEO Carol Smith improperly invoiced Clinic medical services to Diversified Ventures (Diversified), a company that had a Hurricane Katrina contract (*Operation Lifeline*) with Jefferson Parish Government (Parish). These actions resulted in

¹¹ **AG Opinion 97-290** provides, in part, that "while not a political subdivision of the state is nevertheless a quasi-public nonprofit corporate entity. It, like a housing authority, is funded, in part, with state/public funds. Under the Public Housing Administration decision, these public funds may not be invested in contravention of Article VII, Section 14 (A)."

¹² **AG Opinion 03-0387** states, in part, that "The Office of the Attorney General has historically opined that in general, the payment or reimbursement for food, drink, or the expenses associated with luncheons, banquets, parties or similar functions, from public funds, is improper under La. Const. Art. VII, Sec. 14."

the Clinic receiving improper payments from the Parish. This and other issues, including issues unrelated to the Clinic, were identified as follows:

- 1. In 2005, Ms. Smith invoiced \$80,179 of services performed by Clinic employees to Diversified. Diversified then billed the Parish for these services and was paid. Diversified then remitted payment to the Clinic. This \$80,179 of medical services invoiced by Ms. Smith to the Parish (through Diversified) included charges that may have violated state and federal laws^{3, 4, 13} by falsely invoicing the Parish \$26,065 (through Diversified) for services that were not provided and invoicing Medicaid \$618 for services that were also paid by the Parish.**
- 2. Parish Council Aide Pamela Watson, the sister of Carol Smith, may have violated state law¹⁴ by approving Diversified invoices and participating in Parish transactions with the Clinic since Ms. Smith (an immediate family member)¹⁵ held an economic interest¹⁶ in these transactions.**

Background - Operation Lifeline Program

Following Hurricane Katrina, temporary worksites named “Lifeline Depots” were established to provide emergency medical and food services throughout Jefferson Parish under the emergency program *Operation Lifeline* (program). On September 5, 2005, the Parish gave a \$1 million emergency disaster relief contract to Diversified to provide staff and oversight of the “Lifeline Depots.”

Diversified sub-contracted with the Clinic and Concerned Care Home Health to provide medical staff for the program. Ms. Norma Baker, an employee of Concerned Care Home Health, was responsible for the assignment of emergency medical services on behalf of Diversified as part of the program. Ms. Baker stated the program operated during September 2005 and that she submitted all of Concerned Care Home Health’s invoices to Carol Smith for payment.

According to Mr. Girod Jackson, the owner of Diversified, Ms. Smith handled all of the program’s medical invoices for him because, in addition to Concerned Care Home Health, the Clinic was providing its employees for the program. Mr. Jackson said he did not believe there was a written contract between Diversified and the Clinic and that he did not pay Carol Smith personally to handle the program’s medical invoices.

¹³ **R.S. 14§70.1, Medicaid Fraud** states that “the crime of Medicaid fraud is the act of any person, who, with intent to defraud the state through any medical assistance program created under the federal Social Security Act and administered by the Department of Health and Hospitals: (1) Presents for allowance or payment any false or fraudulent claim for furnishing services or merchandise; or (2) Knowingly submits false information for the purpose of obtaining greater compensation than that to which he is legally entitled for furnishing services or merchandise; or (3) Knowingly submits false information for the purpose of obtaining authorization for furnishing services or merchandise. B. Whoever commits the crime of Medicaid fraud shall be imprisoned, with or without hard labor, for not more than five years, or may be fined not more than twenty thousand dollars, or both.”

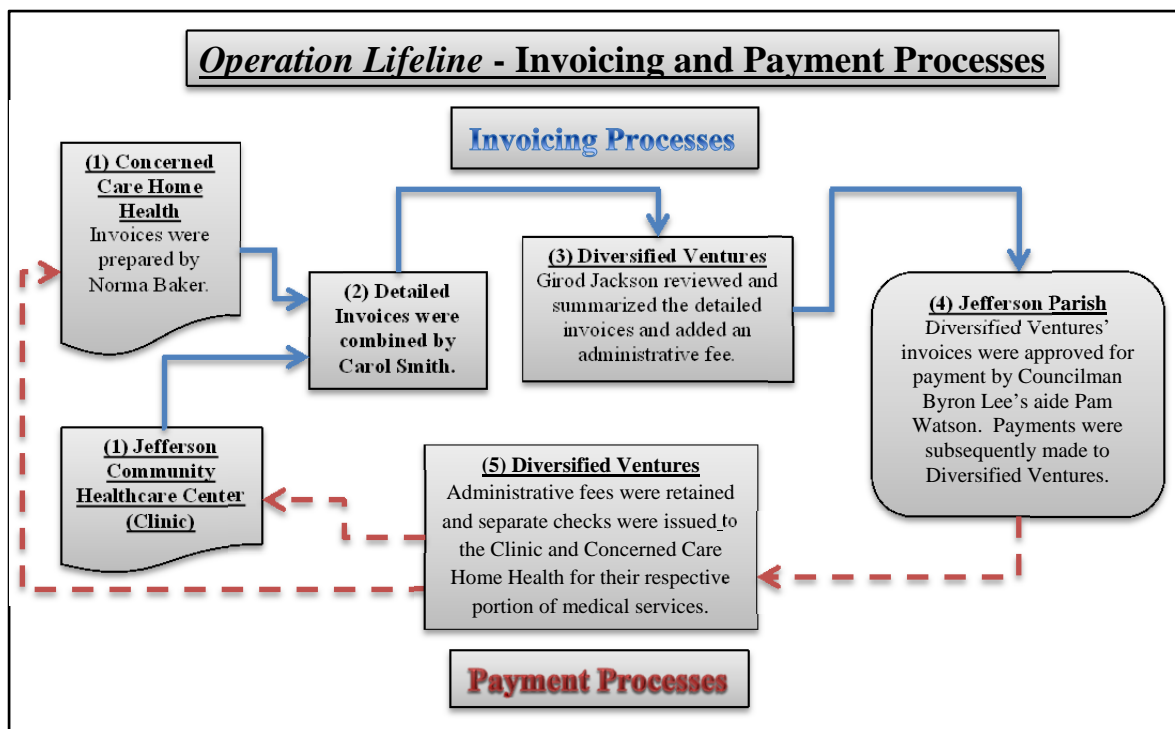
¹⁴ **R.S. 42§1112(B)** states, in part, that “No public servant, except as provided in R.S. 42§1120, shall participate in a transaction involving the governmental entity in which, to his actual knowledge, any of the following persons has a substantial economic interest: (1) Any member of his immediate family.”

¹⁵ **R.S. 42§1102 (13)** defines an immediate family member as “the term relates to a public servant means his children, the spouses of his children, his brothers and their spouses, his sisters and their spouses, his parents, his spouse, and the parents of his spouse.”

¹⁶ **R.S. 42§1102 (21)** defines a substantial economic interest as “an economic interest which is of greater benefit to the public servant or other person than to a general class or group of persons.”

Mr. Jackson stated that his only involvement in the program's medical services and invoicing process took place after he received the detailed hourly medical invoices (of the Clinic and Concerned Care Home Health) from Ms. Smith. He stated that before he sent his invoice to the Parish, he would review and summarize the detailed invoices he received from Ms. Smith and then add an administrative fee. We noted that Ms. Smith's Clinic computer files confirmed Mr. Jackson's statement regarding Ms. Smith's involvement in the invoicing process.

The flow chart below depicts the invoicing and payment processes for Diversified's contract with the Parish (*Operation Lifeline* program):



1. Clinic Services Improperly Invoiced

Ms. Carol Smith invoiced the Parish \$80,179, through Diversified, for Clinic medical services that included \$26,065 for services that were not provided and \$618 for services that were also paid by Medicaid. As a result, Ms. Smith, who created and sent the invoices to Diversified, may have violated state and federal laws^{3, 4, 13} by falsely invoicing the Parish (through Diversified) for services that were either not provided or were also invoiced to and paid by Medicaid.

Parish documentation shows that from March 2004 to December 2005, the Parish provided the Clinic with \$1 million of funding through cooperative endeavor agreements to provide medical services to the residents of Jefferson Parish. Although the Clinic may not have provided services as part of *Operation Lifeline* or outside of its normal operating schedule following Hurricane Katrina, Ms. Smith obtained additional Parish funding by invoicing medical services to the Parish through Diversified.

From September 2005 to October 2005, the Parish paid a total of \$93,189 to Diversified based on invoices provided to Diversified by Ms. Smith. Clinic and Parish documentation shows that of the \$93,189, Diversified remitted \$80,179 to the Clinic and kept \$13,010 for administrative fees.

Ms. Smith stated she invoiced Diversified for Clinic employees who worked 24 hours a day, seven days a week as part of the *Operation Lifeline* program, but she refused to answer any other questions about this program. However, Ms. Norma Baker stated that Clinic employees did not work with *Operation Lifeline* as claimed by Ms. Smith, and the *Operation Lifeline* program did not operate 24 hours a day, seven days a week.

We spoke with four of the five Clinic employees listed on the invoices and none were aware that their time/services were being invoiced (by Ms. Smith) to Diversified. They also claimed that they did not participate in *Operation Lifeline* while employed by the Clinic. Clinic employees also claimed that when the Clinic reopened during the last week of September 2005, the Clinic resumed its pre-Hurricane Katrina regular operating hours and services. The Clinic employee timecards confirmed employee statements that the Clinic resumed its normal operating hours after Hurricane Katrina and did not provide extended hours as claimed by Ms. Smith.

Furthermore, Parish, Clinic, and Medicaid documentation shows that of the \$80,179 paid by the Parish for Clinic services, \$26,065 was for hours not worked by Clinic employees, and \$618 was for patient visits that were also invoiced to Medicaid. Since Ms. Smith invoiced Clinic employees to Diversified as part of a Parish emergency contract for medical services that were not provided or were claimed with Medicaid, Ms. Smith may have violated state and federal laws.^{3, 4, 13}

2. Parish Council Aide Participated in Transactions Benefiting Her Sister

Ms. Pamela Watson, former aide to former Jefferson Parish Councilman Byron Lee and sister of Carol Smith, may have violated state law¹⁴ by participating in transactions in which Ms. Smith (an immediate family member)¹⁵ held an economic interest.¹⁶

Our audit revealed that Ms. Watson may have participated, on behalf of the Parish, in transactions involving the Clinic and Diversified. According to documentation and interviews, Ms. Smith (Ms. Watson's sister) held an economic interest in the Parish's transactions with these businesses.

- According to Parish documentation, Ms. Watson was listed as the department head overseeing the Parish's 2004 cooperative endeavor agreement (agreement) with the Clinic. At the same time, Ms. Smith was the CEO of the Clinic. Ms. Watson stated she was a "go between" person for Jefferson Parish and the Clinic, and Parish correspondence shows that Ms. Watson took an active role in the approval process of Parish payments to the Clinic.
- As mentioned previously, Diversified contracted with the Clinic and Concerned Care Home Health to provide medical staff to fulfill its contract with the Parish. According to Ms. Norma Baker, she was instructed by Ms. Watson to send Concerned Care Home

Health's invoices (for *Operation Lifeline* program) to Carol Smith. Ms. Watson stated that she did not recall handling or approving any program invoices for Diversified and further stated that, as a Council aide, she did not have the authority to approve the payment of invoices. However, multiple current and former Parish finance and accounting employees stated that following Hurricane Katrina, Council members and their aides were allowed to oversee Parish contracts and approve the payment of invoices. These employees further stated that Councilman Byron Lee's office managed the Diversified contract and verified that Ms. Watson's initials on the Diversified invoices represented authorization for the Parish accounting department to pay the invoices.

State law¹⁴ prohibits Council Aide Pamela Watson from participating in transactions in which Carol Smith (her sister and member of her immediate family)¹⁵ held an economic interest.¹⁶ Because Ms. Watson may have performed duties overseeing the Parish's agreement with the Clinic (administered by her sister Carol Smith)¹⁵ and approved Diversified invoices, Ms. Watson may have violated state law.¹⁴

Councilman Improperly Voted on Clinic Transactions

Jefferson Parish Councilman Byron Lee may have violated state law^{14, 17} by voting on 10 Parish Council resolutions and one ordinance in which members of his immediate family¹⁵ held an economic interest.¹⁶

From June 2004 to February 2011, the Parish provided \$2.25 million in funding to the Clinic through cooperative endeavor agreements that were authorized under 11 Parish Council resolutions and one ordinance. During this same time period, the Clinic paid a total of \$117,022 to three of Councilman Lee's family members for landscaping and clerical services. To avoid a conflict of interest, state law^{14, 17} requires Councilman Lee, as a member of the Jefferson Parish Council, to recuse himself from voting on Clinic transactions. However, we found that Councilman Lee voted to approve the ordinance and 10 of the 11 council resolutions (four of which he proposed).

Our review of Clinic records revealed the following regarding three family members of Councilman Lee:

1. Councilman Lee's sister,¹⁵ Ms. Barbara Joseph, was a Clinic employee from May 2008 to December 2010, and was paid \$50,728 during that period.
2. From June 2004 to January 2005, Councilman Lee's brother,¹⁵ Mr. Levon Lee, was paid \$800 for landscaping services.
3. From October 2005 to March 2011, Councilman Lee's nephew, Mr. Jamel Joseph, was paid \$65,494 for landscaping services that were mainly provided by

¹⁷ **R.S. 42§1120** states, "If any elected official, in the discharge of a duty or responsibility of his office or position, would be required to vote on a matter which vote would be a violation of R.S. 42:1112, he shall recuse himself from voting. An elected official who recuses himself from voting pursuant to this Section shall not be prohibited from participating in discussion and debate concerning the matter, provided that he makes the disclosure of his conflict or potential conflict a part of the record of his agency prior to his participation in the discussion or debate and prior to the vote that is the subject of discussion or debate."

Mr. Levon Lee. According to Mr. Levon Lee, he provided the majority of landscaping services received by the Clinic during this time period. He further stated that for the first few months that he provided landscaping services, he received payment directly from the Clinic for his services. However, Mr. Lee stated that in 2005, Carol Smith and Rickey Vaughn, then Clinic management, told him the Clinic would pay Mr. Joseph (Note: a nephew is not considered an immediate family member under ethics laws)¹⁵ for Mr. Lee's landscaping services and that Mr. Lee would have to seek payment for his Clinic services from Mr. Joseph. Clinic records support Mr. Lee's statements that Mr. Joseph was paid for landscaping services provided by Mr. Lee. Mr. Joseph did not return our phone calls or respond to a certified letter requesting a meeting.

Since two members of Councilman Lee's immediate family¹⁵ were employed or paid by the Clinic, Councilman Lee may have violated state law^{14, 17} by participating in Council votes in which members of his immediate family¹⁵ held an economic interest.¹⁶

Questionable Payments by Clinic

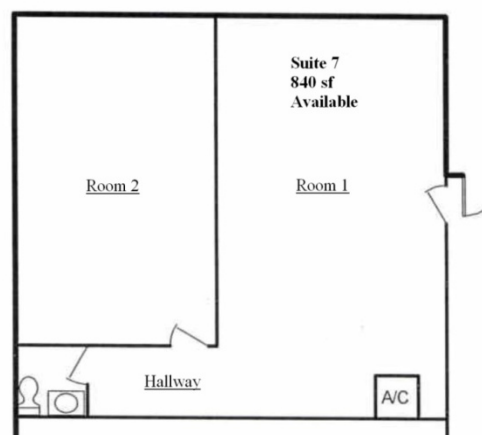
From July 2005 to January 2012, the Clinic issued payments totaling \$194,039 which may have violated the Louisiana Constitution.⁷ These Clinic payments appeared to be either excessive, not supported with adequate documentation or were for services that may not have been provided.

1. Clinic's Excessive Payments to Exceptional Industrial Services

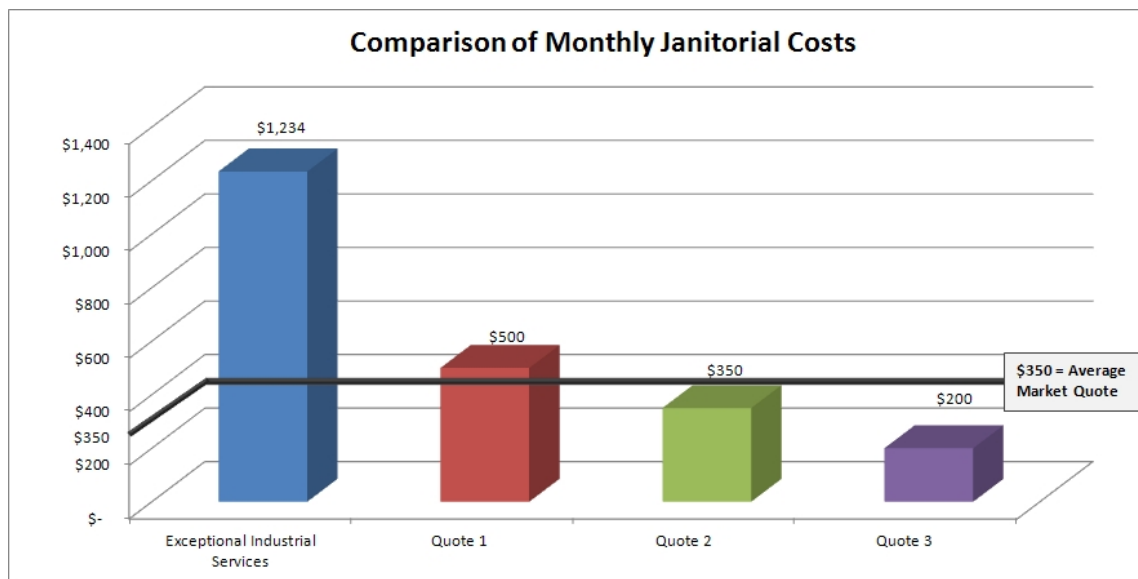
From July 2004 to August 2005, the Clinic paid Exceptional Industrial Services, a business owned by Mr. Lester Dunn Jr., a total of \$12,376 in excess of fair market value for janitorial services.

Clinic records show that a total of \$17,276 was paid to Exceptional Industrial Services (Exceptional) for 14 months of janitorial services at the Clinic's former corporate office in Marrero. Although the Clinic made 20 payments to Exceptional during the 14-month period, Clinic records only included three invoices from Exceptional. Each of Exceptional's three invoices lists janitorial services being provided at the corporate office six times during a two-week period for a total fee of \$617 (\$1,234 a month). Clinic accounting records show that Exceptional was paid the same amount each month.

The Clinic was paying \$700 a month to rent the corporate office, so the Clinic was paying \$534 (\$1,234 less \$700) a month more for janitorial services than rent. This cost appears excessive. According to a November 2011 advertisement, this office is comprised of two rooms and a half bath and measures 840 square feet. The following is a diagram of the office space. Also, photographs of this office space can be found in Attachment #2.



Since it did not appear reasonable that monthly janitorial costs exceeded the cost to rent the office space, we obtained three independent quotes for janitorial services to be performed at this office. The average cost of the three quotes we obtained for janitorial services (to be performed three times a week) was \$350 a month or \$884 less a month (\$12,376 for 14 months) than the amount the Clinic paid to Exceptional as shown in the chart below.



Mr. Dunn did not return our phone calls or respond to certified letters requesting a meeting to discuss his (Exceptional) invoices to the Clinic. Ms. Carol Smith could not recall any details regarding the services Exceptional provided for the Clinic. During the same period the Clinic occupied this office, we also noted that Mr. Dunn used this office space for two of his personal businesses and a not-for-profit.¹⁸

Since the Clinic paid \$12,376 (\$884 for 14 months) in excess of the average market value for janitorial services, the excess payments may constitute a donation and therefore violate the Louisiana Constitution.⁷

2. Clinic Payments to Fisher Consulting Group

In 2010, Fisher Consulting Group (Fisher) may have improperly invoiced \$29,388 to the Clinic. The Clinic contracted with Fisher in 2010 to provide management services while the Clinic did not have a permanent CEO and CFO. Of the \$403,680 paid to Fisher by the Clinic in 2010, \$29,388 may have been improperly invoiced to the Clinic.

¹⁸ As previously reported in our November 10, 2010, compliance audit report on the Jefferson Sports and Scholastic Foundation, documentation from the (1) Clinic, (2) Secretary of State, (3) Lester Dunn, Jr., and (4) Jefferson Sports and Scholastic Foundation showed that Mr. Dunn either received mail and/or operated two personal businesses (Exceptional Industrial Services and LDJ Enterprises) and one not-for-profit (Jefferson Sports and Scholastic Foundation) from the Clinic's corporate office during the same period that Exceptional provided janitorial services for the Clinic.

Payment of Advance Retainer Fee

The Clinic paid a \$23,700 non-refundable advance retainer fee to Fisher and did not receive documentation or evidence of the services performed for the fee. AG Opinions 91-589-A and 06-0155¹⁹ state that for a flat rate contract to be lawful, and not violate the Louisiana Constitution,⁷ payments should not be made prior to the performance of the work and the work must actually be performed.

As part of Fisher's April 2010 contract, Fisher was to be paid an up-front \$23,700 non-refundable retainer fee. Clinic records show that Fisher was paid the \$23,700 prior to the April 2010 effective date of the contract. Although Mr. Fisher stated that the retainer was for moving expenses, his company provided no documentation for the expenses incurred or services rendered for the retainer fee. Since the Clinic paid Fisher a non-refundable retainer in advance and did not receive documentation of the services provided, the payment may constitute a donation and therefore violate the Louisiana Constitution.⁷

Payments for Sub-Consultant Services Not Provided

In 2010, according to records of Fisher and its sub-consultants, the Clinic was invoiced \$2,909 for services that were not provided. From April 2010 to December 2010, Fisher invoiced a total of \$134,931 to the Clinic for hourly accounting and training services provided by three of its sub-consultants.

Mr. Fisher refused to provide us with records of his three sub-consultants. Furthermore, the Clinic's contract with Fisher did not contain an audit clause that may have allowed such access. However, two of the three sub-consultants voluntarily provided their records to us. Based on our review and calculations, Fisher invoiced the Clinic (and was paid) \$2,909 for 32 hours of accounting services that were not supported by the two sub-consultants' records. According to Mr. Fisher, the 32 excess hours represented his time spent reviewing sub-consultant work and invoices. However, our review of the Fisher invoices revealed that Mr. Fisher's hourly services were shown and invoiced separately from the hours worked by the sub-consultants.

The third sub-consultant, Ms. Ellice Smith, refused to provide us with documentation of her invoices. According to Fisher invoices, Ms. Smith's work totaled \$83,527 or 62% of the total amount of sub-consultant services invoiced to the Clinic (by Fisher). Since Ms. Smith did not provide documentation of her invoices, we could not complete our analysis of Fisher's invoicing practices.

¹⁹ **AG Opinion 91-589A** states that "In our opinion numbered 78-124 we stated, "if the attorney is not working full time in the clerk's office, he should be paid only on a per hour basis for work actually performed." The hourly contract certainly is the preferred practice: for the flat rate contract to be lawful and not violate Art. 7 Sec. 14 of the La. Const. 1974, payments should not be made prior to the work being performed; the work must be actually performed every month."

AG Opinion 06-0155 states that "In order for a flat rate contract to be lawful, the municipality can only pay for legal services which are actually rendered, and may not pre-pay for future services. Therefore, in the situation described, where there is no advance payment and the work is actually performed each month, such a contract would be valid and the payments made under such contract would be constitutional."

Fisher's Possible Conflict of Interest

Mr. Fisher may have created a conflict of interest and violated his Clinic contract by not disclosing that he was also being paid by another quasi-public agency¹ for attending the same meetings and conferences of the Louisiana Primary Care Association (LPCA). From April to August 2010, the Clinic paid \$2,779 to Fisher for expenses incurred related to attending meetings and conferences of the LPCA, a quasi-public entity.¹ During this time, Fisher was also contracted with and paid \$3,600 per month plus expenses by the LPCA to attend these same meetings and conferences as their fiscal analyst.

In addition, Fisher's contract with the Clinic required disclosure of any outside activities or interests that conflict or may conflict with the best interests of the Clinic. Our review of Clinic board minutes revealed that Mr. Fisher did not disclose his contractual relationship with the LPCA, as required by his Clinic contract, to the Clinic Board until July 2010. Since Fisher did not timely disclose his contractual relationship with the LPCA, he may have violated his Clinic contract.

3. Clinic Payments to the Law Firm of Clarence Roby

The Clinic paid \$146,635 to the Law Firm of Clarence Roby for services for which Mr. Roby could not provide documentation of as required by his Clinic contract and may have violated the Louisiana Constitution.^{7, 19}

According to our review of Mr. Roby's records, he may have violated state law²⁰ regarding attorney rules of conduct. Mr. Roby did not maintain the Clinic's prepaid retainer fees in a trust account, nor did he provide the Clinic with a periodic accounting of the use of the retainer and advance fees as required by state law.²⁰

From October 2009 to January 2012, the Clinic paid a total of \$255,675 to the Law Firm of Clarence Roby for legal services. Mr. Roby's 2009 contract with the Clinic states that he shall invoice on a monthly basis for all fees and expenses and that all invoices will show the services provided, the date provided, who provided the services, and the cost based on an hourly rate. The contract further states that the Clinic shall pay a monthly retainer of \$7,500, which will be maintained "in separate accounts," and be applied toward their monthly invoices and replenished monthly.

According to Mr. Roby's invoices on file at the Clinic, of the total \$255,675 invoiced to the Clinic, he did not include a detailed accounting for \$220,535 of the services paid for by the Clinic as required by his contract and state law.²⁰ Mr. Roby initially stated that the invoices for retainer fees did not include his hourly services/work because he did not have a law clerk that

²⁰ Louisiana State Bar Article XVI, Rules of Professional Conduct, Rule 1.5 Fees – "(f) Payment of Fees in advance of services shall be subject to the following rules:...(3) When the client pays the lawyer an advance deposit against fees which are to accrue in the future on an hourly or other agreed basis, the funds remain the property of the client and must be placed in the lawyer's trust account. The lawyer may transfer these funds as fees are earned from the trust account to the operating account, without further authorization from the client for each transfer, but must render a periodic accounting for these funds as is reasonable under the circumstances. (4) When the client pays the lawyer an advance deposit to be used for costs and expenses, the funds remain the property of the client and must be placed in the lawyer's trust account. The lawyer may expend these funds as costs and expenses accrue, without further authorization from the client for each expenditure, but must render a periodic accounting for these funds as is reasonable under the circumstances."

was trained on his legal invoicing software. He said that this situation prevented him from providing the Clinic with detailed invoices of his hourly services.

At our request, Mr. Roby provided the Clinic with additional documentation of his hourly invoice summaries; however, the additional documentation failed to document services provided for \$146,635 of the fees that he was paid. In a follow-up meeting with Mr. Roby, he explained that his invoices were for monthly fees and were not for retainers or advance costs even though these are the descriptions listed on his invoices. Mr. Roby further stated that his contract was based on the contract of the Clinic's previous attorney and that he did not invoice according to the contract requirements. The Clinic may have violated the Louisiana Constitution⁷ by paying \$146,635 for retainer fees and advance costs prior to the services and for not verifying if the services were actually provided prior to payment.¹⁹ We also noted that Mr. Roby did not maintain the Clinic's retainer fees, advance fees or advance case costs in trust accounts nor did he provide a regular accounting to the Clinic of his use of the retainer fees and advance payments. Mr. Roby confirmed that he did not maintain Clinic fees of any type in a trust account nor did he provide a regular accounting of services provided which may have violated the Louisiana State Bar Rules of Professional Conduct.²⁰

In his response dated June 25, 2012 (see Appendix B), Mr. Roby states that he has provided the Board with printed detailed billing statements and that no overpayment existed. Mr. Roby also states that the detailed billing statements he submitted to the Clinic indicate his firm is due additional payments from the Clinic, but that he has waived these additional fees. On June 27, 2012, we discussed Mr. Roby's statements in his response with Interim CEO Ardalan. Dr. Ardalan stated that the Board has not received any detailed invoices from Mr. Roby for the time period prior to November 2011 and that no reconciliation of Mr. Roby's invoices has been conducted by the Board or the Clinic.

4. Clinic Payments to Marvin Johnson for Attending Board Meetings

From August 2009 to July 2011, Marvin Johnson, financial consultant, invoiced the Clinic \$5,640 to attend board meetings where he provided finance and accounting consulting services. In addition, Mr. Johnson separately invoiced the Clinic for time he spent during the board meetings reviewing and analyzing financial reports. As a result, the Clinic may have overpaid Mr. Johnson by \$5,640 for services that were invoiced separately but performed at the same time.

During our audit, Clinic employees stated that Mr. Johnson may have overbilled the Clinic for reviewing and analyzing financial reports. The Clinic employees stated it takes between one and two hours to generate and review monthly variance and financial reports from the Clinic accounting system. Although the accounting department was generating the reports, Mr. Johnson was invoicing between two and 32 hours a month for reviewing and analyzing the Clinic's variance and financial reports. Mr. Johnson stated that he could not provide copies of his financial and variance analysis work product because most of his analysis was performed at board meetings by visually reviewing the Clinic's financial and variance reports and then providing oral presentations to the Clinic's board of directors. He further stated that he also performed analysis of the financial and variance reports while meeting with Clinic employees and while he was on the phone with board members.

According to his invoices, Mr. Johnson invoiced the Clinic \$5,640 (70.5 hours) specifically for his attendance at board meetings. Since Mr. Johnson stated he used the time at the board meetings to perform his analysis, he may have overbilled the Clinic for his work. Mr. Johnson stated that if the Clinic believed that he overbilled, then the Clinic should send him a report listing all overbilled invoices. Mr. Johnson said he would review the listing and then repay the Clinic for the items that he agreed were overbilled.

For the payments referred to in items 1, 2, 3, and 4 above, we could not determine the business necessity or reasonableness of the services or if the services benefited the Clinic. Purchases with no valid business purpose, that are not necessary to the operations of the Clinic, or that are made at an unreasonable price may violate the Louisiana Constitution,⁷ which prohibits the donation of public funds. Also, the AG provides guidance with regard to the Louisiana Constitution⁷ in Opinion 12-0011, which states that “in order for an expenditure or transfer of public funds to be permissible under Art. VII, § 14(A), the public entity must have the legal authority to make the expenditure and must show:

- (1) a public purpose for the expenditure or transfer that comports with the governmental purpose for which the public entity has legal authority to pursue;
- (2) that the expenditure or transfer, taken as a whole, does not appear to be gratuitous; and
- (3) that the public entity has a demonstrable, objective and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds.”

Recommendations

The Clinic should:

- (1) require all electronic bank transfers to be properly documented and approved prior to payment;
- (2) seek legal advice as to the appropriate actions to be taken, including recovering funds related to improper payments to former employees and vendors;
- (3) ensure each payment has a legitimate public purpose as required by the Louisiana Constitution;
- (4) ensure all employees are aware personal and political activities should not be conducted during work hours;
- (5) ensure payments for professional services meet all contractual requirements prior to payment; and
- (6) require that an audit clause be included in all contracts.

APPENDIX A

Attachments

From: Ebony Williams
Sent: Wednesday, May 13, 2009 4:06 PM
To: Carol W. Smith
Subject: RE: Important Business Banking Alert
Attachments: IMSTP9.gif

Hi, These transactions are for the payments that were never made for the Life Insurance. We still have to catch the Hartford up for 401 K also. I will submit the number on that to you. But, the two transaction listed below were submitted electronically to avoid cancellation. Also, the total amount of Payroll is \$91949.62 (\$69747.84 Direct Deposit) (\$6171.28 Hard Copy) (\$16028.50 for Contractors). Thanks, Ebony Williams

From: Carol W. Smith [mailto:Jefferson_Health@bellsouth.net]

Sent: Wednesday, May 13, 2009 1:24 PM

To: Ebony Williams

Subject: Fw: Important Business Banking Alert

Hi Ebony, Please read the email below and let me if you authorized the transactions. Thanks. -----Original Message----- From: Chase Date: 5/13/2009 1:01:42 PM To: jefferson_health@bellsouth.net Subject: Important Business Banking Alert Dear Customer, At Chase, we're committed to providing the tools you need to help you monitor your account(s). Below is a list of the latest transactions for the accounts in your profile: *We've started to process a(n) (\$ USD) 8,370.22 ACH Payment (transaction #216532303) from account ending in 4288 to The Hartford on 05/14/2009. *We've started to process a(n) (\$ USD) 15,540.23 ACH Payment (transaction #216478892) from account ending in 4288 to The Hartford on 05/14/2009. If you have questions about the transaction(s) or this alert, please call 1-877-CHASEPC (1-877-242-7372). Our customer service representatives are available from 6 AM to midnight Eastern time, seven days a week. Please do not reply to this Automatic Alert. Instead, you can log on to www.Chase.com/businessbanking to send a secure message from your inbox. We appreciate your business. Sincerely, Online Business Banking Team

Photographs of 2273 Barataria Blvd. Suite 7, Marrero, LA taken in March 2012



Figure 1 - Room 1



Figure 2 - Room 1



Figure 3 - Hallway and bathroom



Figure 4 - Room 2

APPENDIX B

Management's Responses



P. O. Box 2490
Marrero, LA 70073
(504) 371-8960

***Response to Legislative Auditors Compliance Audit Report
June 25, 2012***

JCHCC commends the Louisiana legislative auditors for their work in providing thorough analysis. The auditors report reveals improper use of funds that occurred as far back as 2005. It is to be distinctly noted that since the time of these improprieties, JCHCC's new management team and a more deeply engaged board of directors have been able to address and evaluate financial practices of the corporation. Since July of 2010 JCHCC has separately accounted for public and private funds. JCHCC has also made substantial efforts to address any accounting inconsistencies and provide a transparent and well documented financial record. JCHCC accepts the recommendations of the Louisiana legislative auditors and has already made advances to remedy any financial concerns.

Audit Finding

Improper Transfers of Clinic Funds into Personal Bank Account of former CFO

Board Response

On June 2, 2010, JCHCC's interim CEO and the Board of Directors hired a CFO with an extensive background in Non Profit Accounting, federal grant funding requirements and OMB Circulars A-122.

Since this time the CFO, has hired a Senior Accountant with extensive fund accounting and non-profit accounting experience, a Junior Accountant, and an Accounts Payable Specialist. During this transitional period, the current Finance Department staff identified the improper transfers and notified the proper authorities.

The CFO has established internal controls to protect JCHCC from embezzlement by employees. Establishing a division of duties, no one person has control of any one accounting process; no employee handles all aspects of a transaction. Internal Controls are set in compliance with Sarbanes Oxley of Non Profits organizations. The Accounts Payable Specialist records and maintains payables; the Junior Accountant records and maintains cash receipts, the Senior Accountant records and maintains payroll related disbursements. With the exception of the payroll bank account, the Senior Accountant reconciles all bank statements on a monthly basis. The Junior Accountant reconciles the payroll bank account. The CFO reviews and approves all cash transactions and all bank reconciliations, monthly. The Finance Committee reviews a monthly disbursement register, copies are also provided to the complete Board of Directors.

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Avondale, Louisiana 70094

Marrero
1855 Ames Boulevard
Marrero, Louisiana 70073

River Ridge
11312 Jefferson Highway
River Ridge, Louisiana 70123

www.jchcccommunityhealthcare.com



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Marrero, LA 70073
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As it relates to this finding, Jefferson Community Health Care Centers will exercise every reasonable means to recover these funds

Audit Finding

Improper Uses of Public Funds

Board Response

The current Personnel Handbook, approved by the Board of Directors on March 22, 2011, allocates employees paid time off based upon their years of service. Active service commences with an employee's first day of work and continues thereafter unless broken by an absence without pay, a leave of absence, or termination of employment. Part-time and temporary employees do not accrue paid time off.

Paid time off can accrued to a maximum of six weeks (240 hours). For non-contract employee's, no more than 80 hours is carried over per calendar year. If no paid time off is taken when the maximum amount is reached, no further paid time off will accrue until some paid time off is used. Contract employees accrual is based on each specific contract. Payment for unused paid time-off is only allowed upon separation from employment.

JCHCC purchased and implemented MIP Fund Accounting Software, software specifically designed for Fund Accounting, including the payroll module. The robust payroll module has a feature to maintain the maximum leave accrual balance. When leave is calculated, the total leave must not be more than the Maximum Accrual Balance allowed. If it is, the leave accrual is reduced so that the Maximum Accrual Balance does not exceed, the 240-hour allowed per the Personnel Handbook. The Senior Accountant reviews employee leave balances annually, adjusting the carry over balance as needed.

Current established JCHCC policy does not allow for any personal loans or payroll advances to employees. The JCHCC Board has had discussion with counsel as it relates to this finding. Jefferson Community Health Care Centers will exercise every reasonable means to recover these funds.

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Since July of 2010, JCHCC has separated public and private funds. Public funds are not to be used for any company events. The legislative audit had a finding of political contributions in 2009. JCHCC has since recorded a reimbursement of the funds donated in 2009 as of June 25, 2012 and this will be reflected in the financial records.

Audit Finding

Questionable payments by clinic

Board Response

Jefferson Community Health Care Centers finance policy and procedures are currently under revision, in particular policies regarding signature approval for invoices, contracts, and the signing of checks.

Currently, an approved board member must sign all checks equal to or greater than \$2,500. The Board of Directors must approve purchases over \$5,000.00, after obtaining a minimum of three bids. The Board of Directors should approve all contracts. All purchases should adhere to Louisiana State Bid Law. Additionally, in regards to check signing, checks shall be separated by department, where no one individual has the authority to approve an invoice, check, and/or contract. See table below:

	CONTRACT	INVOICE Approver	CHECK Signer
Invoice Greater than or Equal to \$2,500.00	When Applicable Board Designated (Board Chair)	Vice Chair	Finance Committee Chair
Invoice Less than \$2,500.00	Not Applicable	Chief Dental Officer (CDO)	Any Authorized Check Signer but CDO
Invoice Less than \$2,500.00	Not Applicable	Chief Executive Officer (CEO)	Any Authorized Check Signer but CEO
Invoice Less than \$2,500.00	Not Applicable	Chief Financial Officer (CFO)	Any Authorized Check Signer but CFO

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The signing of these invoices will indicate that payments for professional services have met all contractual requirements prior to payment.

Furthermore, at the recommendation of the legislative auditors JCHCC will move forward with requiring an audit clause to be included in all contracts.

In regards to the legislative auditors finding that JCHCC paid counsel without required documentation, the board is now being provided documentation by counsel for the dates in question. The board chairman is in the process of verifying these detailed invoices. Counsel has explained issues concerning their billing clerk and as of November 2011, The Chairman of the Board has been provided documentation of services provided for fees counsel was paid. The board will continue to verify the detailed invoices, which will be kept in board files due to the confidential nature, and the finance department will receive invoice for payment associated with the detailed invoices.

In addressing another finding, counsel for the Board was initially hired on a retainer basis. After an independent 2010 and 2011 Internal Audit by CRI, LLC, it was revealed that there might be a potential violation of Louisiana law for payment on retainer status with use of Federal funds. Therefore, the retainer status was modified as to be compliant.

Since 2004 Jefferson Community Health Care Centers has had a mission to delivery high quality primary care services to the uninsured and underinsured population of Jefferson Parish. The current members of the Board of Directors are excited about the progress and achievements that the organization continues to make in its efforts to become a model for a primary care medical home in the changing health care environment. JCHCC is aware of past events and notes they are not indicative of current management, and organizational policies have been put in place to address the need for complete fiscal responsibility.

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JCHCC appreciates the time and effort spent by the Louisiana legislative auditors to provide a complete and accurate report. The board of directors feels confident that our response highlights the proper commitment to change moving forward and addresses the recommendations put forward by the auditors. JCHCC will continue its commitment to providing comprehensive care for those in our community while seeking to establish a reputation for dedicated management and financial responsibility.

Respectfully,

Cyrus Ardalan

A handwritten signature in purple ink, appearing to read 'Cyrus Ardalan'.

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PARISH OF JEFFERSON
OFFICE OF THE PRESIDENT

JOHN F. YOUNG, JR.
PARISH PRESIDENT

R. CHRISTOPHER COX III
CHIEF OPERATING OFFICER

July 3, 2012

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

In connection with your office's audit of Jefferson Community Health Care Centers, an entity that is not under the supervision or control of our Parish's government, Jefferson Parish submits the following reply.

Jefferson Parish, through its Department of Finance and its Department of Accounting, has implemented new procedures and safeguards for overseeing contracts and payment of associated invoices.

Additionally, Jefferson Parish has created and filled the position of Internal Auditor, whose office will assist in preventing and deterring abuse of process.

Sincerely,

R. Christopher Cox III
Chief Operating Officer

RCC/jmb

Response from Diversified Ventures

Findings and Recommendations Reply

As it relates to Diversified Ventures' contract with Jefferson Parish named Operation Lifeline Depot please accept this response as follows:

To the heading:

Diversified Ventures is a private company owned and operated wholly by Girod Jackson whom was a private individual citizen during the entire time of this contract. With those facts stated at no time did Diversified Ventures as a company or Girod Jackson as an individual violate any local, state, or federal laws or prohibitions by hiring The Jefferson Community Health Care Centers, Inc. (Clinic) as a subcontractor to provide licensed medical staff (ie. Doctors, Nurses) for Operation Lifeline Depot. At no time was Diversified Ventures made aware of any potential conflict by the Clinic performing as a subcontractor on this contract, which means in no way possible would Diversified Ventures know or suspect the Clinic of receiving improper payments from the parish.

The Clinic's role as a subcontractor in Diversified's contract was to provide medical staff to treat residents of Jefferson Parish post Hurricane Katrina either returning to the parish or who was unable to evacuate for injuries or illness. Through this process, citizens of Jefferson Parish in need of medical attention was directed to one of the Jefferson Community Health care clinics to be seen by one of the staffed doctors or nurses at that center through the Operation Lifeline Depot program. Contrary to the audit these were not just emergency medical services provided by the clinic, but just the opposite these services were to help alleviate some of the congestion in the emergency rooms of the hospitals serving the Jefferson Parish residents for non-emergency services. Carol Smith's role as CEO of the clinic was only internal to clinic operations and had no role in the administration of Diversified's contract, but only to provide the invoice for services rendered just like any other sub-contractor to a prime contractor.

Concerned Care Home Health's role in Diversified's contract was to provide non-emergency medical services to the residents that was unable to get to one of the clinics' by providing home care visits with their staff. Ms Norma Baker, employee of Concerned Health Care was not responsible for assignment of emergency medical services on behalf of Diversified Ventures at no time as stated in the audit report.

Operation Lifeline-Invoicing and Payment Processes Illustration:

In reference to the payment processes illustration in the report, Diversified Ventures finds issue with process #4. As part of standard practice all invoices for Operation Lifeline Depot was submitted directly to Jefferson Parish accounting department for payment. Diversified Ventures would like to clarify that at no time did the company or its manager engage Councilman Byron Lee's office for approval of any invoices. Operation Lifeline Depot and all correspondence was directed to the Administration of Jefferson Parish. Diversified Venture's invoices for Operation Lifeline Depot were submitted directly to Jefferson Parish accounting department for payment and that was the extent of Diversified's involvement in the Jefferson Parish invoicing process.

To #1:

Diversified Ventures has not been presented with any itemized documentation by Jefferson Parish our client as to the findings of the stated \$80,179.00 or the \$26,065 that is alleged to be improper billing, nor for any amount overcharged and not serviced. The direct billing hours for the staff provided to Operation Lifeline Depot by the clinic was invoiced by the clinic to the company then turned in to Jefferson Parish along with other invoices for payment under Operation Lifeline Depot.

Diversified Ventures at no time or part of its contract with Jefferson Parish for Operation Lifeline Depot submitted any billing or charges for any fee or service dealing with Medicaid. At no time was any question raised by Jefferson Parish about the service of the staff or the amount of hours billed by the clinic for its staff.

Upon any discovery of fact of overbilling on Diversified Venture's billing to Jefferson Parish for medical services provided by any of its sub-contractors in relation to this scope will result in demand letters of repayment for services not rendered to make the its client, Jefferson Parish whole.

To #2

This section does not apply to Diversified Ventures or its Owner / Manager. As stated previously, all invoices from Diversified was submitted directly to Jefferson Parish accounting department for payment and any subsequent actions was internal parish administration procedures during the period of this contract.

C H A F F E



L. L. P.

M c C A L L

G. PHILLIP SHULER, III*
ROBERT B. FISHER, JR.
CORINNE A. MORRISON
WILLIAM F. GRACE, JR. *†
ROBERT S. ROOTH
HARRY R. HOLLADAY
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†BOARD CERTIFIED TAX LAW SPECIALIST
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July 26, 2012

Walter F. Becker, Jr.
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Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Byron Lee
Our File No. 42314

Dear Mr. Purpera:

Enclosed please find the response of our client Byron Lee to your revised draft Compliance Audit Report on the Jefferson Community Health Care Center which was sent to us via email dated July 25, 2012.

It is our understanding that this response will be attached to the Legislative Auditor's Final Report.

Thank you for your attention to this response.

Sincerely,

Walter F. Becker, Jr.
Mandy M. Gagliardi

WFB/sbr
Enclosure

cc: Byron Lee

1902483-1

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Baton Rouge: 103 Two United Plaza • 8550 United Plaza Blvd. • Baton Rouge, LA 70809 • Tel: (225) 922-4300 • Fax: (225) 922-4304
Houston: 801 Travis Street, Suite 1910 • Houston, TX 77002 • Tel: (713) 546-9800 • Fax: (713) 546-9806
www.chaffe.com

RESPONSE

On behalf of our client Byron Lee, undersigned counsel provide the following response to the draft of the Louisiana Legislative Auditor's Compliance Audit Report on the Jefferson Community Health Care Center dated June 11, 2012 (the "Draft Report").

Background and Methodology

On page 1 of the Draft Report, paragraphs 1 and 2, there is a description of the Jefferson Community Health Care Center, Inc. (the "Clinic"). Byron Lee requests that the final report reflect that, when he was first elected to the Jefferson Parish Council in 2004, he took the initiative to fund the Clinic because he perceived a need to provide healthcare to indigent individuals in the Jefferson Parish Community. Prior to his election, Byron Lee had a background in healthcare. He had served on the West Jefferson Hospital Board from approximately 1988 to 1991 and had previously worked as a pharmacy sales representative.

On page 1, paragraph 3, the Draft Report references the public report on the Clinic which was released by the Louisiana Legislative Auditor (the "LLA") on January 27, 2010. Byron Lee requests that the final report reflect that he was interviewed by the LLA in 2009 during the investigation which led to the January 2010 report. At that time, Byron Lee cooperated fully with the LLA and told the LLA auditors that his sister, Barbara Joseph, was a part-time employee of the Clinic and his brother, Levon Lee, was a contractor for the Clinic. Byron Lee asked the LLA auditors at that time if there was a conflict of interest but was not given an answer. Further, Byron Lee told the LLA auditors at that time that he had no knowledge of the Clinic's accounting practices, including, but not limited to, the accounting of public and private funds. Byron Lee was aware that the Clinic was audited by a CPA on an annual basis and had always received unqualified audits.

Findings and Recommendations

Improper Political Donation to Councilman Byron Lee's Campaign

On page 3, paragraph 1, the Draft Report references a \$1,000 political donation by the Clinic to Byron Lee's campaign. Byron Lee requests that the final report reflect that he first became aware of this donation in 2010 when the LLA auditors told him about this. Further, he requests that the final report reflect that he did not solicit this donation.

On page 3, paragraph 2, the Draft Report states that Byron Lee advised the LLA auditors that he did not know that the golf tournament sponsorship was paid for by the Clinic and believed that the 4 individual golfers paid for the sponsorship. He also advised that he would refund the donation. The Draft Report states that there is no record of Byron Lee refunding the \$1,000 donation. Byron Lee requests that the final report be revised to reflect that this \$1,000 donation was refunded on June 17, 2012. (See Attachment 1)

Councilman Improperly Voted on Clinic Transactions

In this section, the Draft Report suggests that Byron Lee may have violated the Louisiana Code of Governmental Ethics between June 2004 and February 2011 by voting on 10 Parish Council Resolutions and one ordinance in which members of his immediate family held economic interest.¹ As a general response to this section of the Draft Report, Byron Lee submits that, if he violated state ethics rules by voting on matters that impacted members of his family, he did not do so knowingly or intentionally and this constitutes a technical violation of state ethics rules. Byron Lee did not violate LSA R.S. 42:1112 (B) because he did not have "actual knowledge" of any substantial economic interest by an immediate family member in the Clinic.

A review of the Resolutions passed by the Jefferson Parish Council between June 2004

¹ The ethics violations alleged are violations of LSA R.S. § 1112(B) (participation in transactions) and LSA R.S. 42 § 1120 (recusal from voting). Neither of these violations are violations of criminal law.

and February 2011 relative to the Clinic reveals that there were 15 resolutions and ordinances voted on and adopted. (See Attachment 2)

A review of the Cooperative Endeavor Agreements (“CEAs”) entered into and between Jefferson Parish and the Clinic between June 2004 and February 2011 reveals that there were 3 votes taken relative to CEAs. (See Attachment 2)

On page 5, paragraph 2, the Draft Report reflects that Byron Lee’s sister, Barbara Joseph, was a Clinic employee from May 2008 to December 2010 and was paid \$50,728 during that period. Byron Lee requests that the Draft Report be revised to reflect the following. He first became aware that Ms. Joseph was working at the Clinic in 2009 shortly before the LLA auditors interviewed him. Byron Lee played absolutely no role in the Clinic’s hiring of Ms. Joseph. Ms. Joseph had worked as a customer service employee for Entergy for approximately 30 years and had recently retired. Ms. Joseph was hired by the Clinic as a part-time customer service employee. Byron Lee received no portion of the compensation that was paid to Ms. Joseph by the Clinic.

Further, as demonstrated in the chart attached as Attachment 2, the Draft Report should be revised to reflect that Byron Lee did not vote on any resolutions or ordinances and did not help negotiate any CEAs during the time that Ms. Joseph was employed at the Clinic.

On page 5, paragraph 2, the Draft Report references that from June 2004 to January 2005 Byron Lee’s brother, Mr. Levon Lee, was paid \$800 for landscaping services. Byron Lee requests that the report be amended to reflect that he first became aware that Levon Lee was rendering landscaping services as a contractor to the Clinic in approximately October 2005. He played absolutely no role in Levon Lee’s hiring by the Clinic. He received no portion of the funds that were paid to Levon Lee. He knows that Levon Lee had been engaged in the gardening

business for over 30 years.

Further, the Draft Report should be revised to reflect that, while Byron Lee voted on 2 resolutions while Levon Lee was a contractor for the Clinic, Byron Lee was not aware that Levon Lee was a Clinic contractor at the time of these votes. He was not aware of Levon Lee's work as a contractor until approximately October 2005 which was 4 months after this contractor relationship had terminated. Also, the 2 votes were to essentially renew clinic agreements that were already in place.

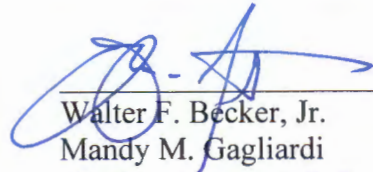
On page 5, paragraph 2, the Draft Report references that Byron Lee's nephew, Mr. Jamel Joseph, was paid \$65,494 for landscaping services that were mainly provided by Mr. Levon Lee. Byron Lee requests that the Draft Report reflect that he first became aware that Mr. Joseph was working for the Clinic in approximately June 2007. He played absolutely no role in Mr. Joseph being hired by the Clinic. He received no portion of the funds that were paid to Mr. Joseph. He does not know if Carol Smith and Rickey Vaughn told Mr. Levon Lee that the Clinic would pay Mr. Joseph for Mr. Levon Lee's work. Byron Lee is aware that Mr. Joseph had been engaged in the gardening business for several years.

Further, the Draft Report should be revised to reflect that, while Byron Lee did vote on several resolutions and ordinances while his nephew was employed by the Clinic, this is not a violation of the Louisiana Code of Governmental Ethics because his nephew is not a member of his "immediate family" as defined by LSA R.S. 42 § 1102 (13). As noted above, Byron Lee had no knowledge of any alleged arrangement for Mr. Joseph to be paid for Mr. Levon Lee's work. Also, as noted above, Byron Lee was not aware of Mr. Joseph's employment by the Clinic until approximately June 2007 which was 19 months after that employment began.

Byron Lee also requests that the final report reflect that there is no evidence that Ms.

Joseph, Mr. Levon Lee, and Mr. Joseph did not adequately perform the work that they were paid for by the Clinic or that they were paid inappropriate wages for their work.²

Respectfully submitted,



Walter F. Becker, Jr.
Mandy M. Gagliardi
Chaffe McCall, L.L.P.
1100 Poydras Street
2300 Energy Centre
New Orleans, LA 70163
Attorneys for Byron Lee

² The total sums paid to Ms. Joseph, Mr. Lee, and Mr. Joseph constitutes less than .01% of the total budget of the Clinic.

ATTACHMENT 1

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PAGE 02/02

THE COMMITTEE TO ELECT BYRON LEE

(504) 384-2603
P.O. BOX 1315
MARRERO, LA 70073

WHITNEY NATIONAL BANK
14-17/850

3240

PAY TO THE
ORDER OF

Jefferson Community Health Care Centers

\$ 1000.⁰⁰

One Thousand

DOLLARS

MEMO

Refund of Donation

[Signature]

AUTHORIZED SIGNATURE

⑈003240⑈ ⑈065000171⑈ 711684995⑈

THE COMMITTEE TO ELECT BYRON LEE

3240

THE COMMITTEE TO ELECT BYRON LEE

3240

ATTACHMENT 2

DATE	ITEM
01/21/04	Resolution No. 100083
03/03/04	Cooperative Agreement for Professional Services Between Jefferson Parish, Louisiana and Jefferson Community Health Center
04/14/04	Resolution No. 100836
05/26/04	Resolution No. 101179
06/00/04	Levon Lee – Start Date of Employment by Clinic
11/17/04	Resolution No. 102397
12/15/04	Resolution No. 102486
01/00/05	Levon Lee – End Date of Employment by Clinic
01/12/05	Summary No. 21516, Ordinance No. 22402
02/02/05	Resolution No. 102763
04/01/05	Amendment No. 1 – Cooperative Endeavor Agreement Between the Parish of Jefferson and Jefferson Community Health Centers
08/10/05	Resolution No. 104082
10/00/05	Jamel Joseph – Start Date of Employment by Clinic
01/25/06	Resolution No. 104778
05/17/06	Motion
12/13/06	Resolution No. 106854
03/14/07	Resolution No. 107444
05/23/07	Resolution No. 108027
05/23/07	Summary No. 22231, Ordinance No. 23062
08/09/07	Amendment No. 1 to the Cooperative Agreement for Professional Services Between the Parish of Jefferson and Jefferson Community Health Center
05/00/08	Barbara Joseph – Start Date of Employment by Clinic
12/00/10	Barbara Joseph – End Date of Employment by Clinic
03/00/11	Jamel Joseph – End Date of Employment by Clinic
02/02/12	Resolution No. 102763



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Fax 504-486-8005

Via Regular and Electronic Mail

June 25, 2012

Daryl G. Pupera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

**RE: Supplemental Statement regarding Legal Services for
Jefferson Community Health Care Center/Response to Auditor's Preliminary Report**

Dear Mr. Pupera:

I serve as Board counsel for the above referenced entity. I have reviewed the preliminary report prepared by your office, and submit this correspondence as an addendum to the report prepared by my client in response to the findings reported by your office.

A. Audit Finding: Sufficiency of supporting documentation regarding billing invoices

The preliminary findings of the legislative auditor are inaccurate because it is the result of incomplete information or after considering only partial records submitted by the accounting department without the permission and authority of the Board or the CEO. The documentation provided to the auditor represented only some of the actual legal work performed by me as Board counsel and did not accurately reflect all work performed. Therefore, the representation by the accounting department officers was not an accurate depiction of the circumstances involving the legal services provided.

The policy of JCHCC regarding the submission of legal bills for payment is that all documents and records for work performed require verification by the Board or its designee, including the CEO, prior to payment for service. In every instance, all invoices were submitted and approved by the Board. In September 2010, however my billing clerk ceased employment with the firm and while the practice of contemporaneously entering of my time and description of work in the online billing system was being done, my office had difficulty accessing the detail statements for purposes of printing. This problem was

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rectified, after I contracted with my prior billing clerk for the purpose of printing the previously enter billing statements and learned how to generate them without the billing clerk's assistance.

Upon curing the technical problems, the Board or its designee received and has verified all detailed and backup privileged statements for work performed by its counsel. Counsel for the Board disputes any representation by the auditors that insufficient documentation was provided in violation of state law or the Louisiana Constitution.

Counsel did at all times continue to maintain a contemporaneous record of all work performed and was later able to provide the Board with printed detailed billing statements of the work performed as the previous billing clerk was contracted with to perform this limited services. The Board noted that the actual detailed statements reflected that no overpayment existed once the documents were received and reviewed. To the contrary, the agency owed the undersigned additional payments but due to the computer problem attended to the law firms billing system, those additional fees were waived by counsel. As a result, the conclusion drawn regarding the sufficiency of the supporting documents is misplaced under the circumstances.

B. Audit Finding: Placement in Escrow

The audit report further suggests that payments by JCHCC should have been placed in escrow. However this conclusion is likewise incorrect.

While it is true that Counsel for the Board was initially hired on a retainer basis, it was evident from the inception that a substantial amount of legal work was necessary issues to aid JCHCC with its compliance issues and therefore the contract for services was modified to a "bill for services" rather than a retainer agreement.

The audit report states that some bills included reference to a "retainer" basis. While a small number of bills may have erroneously had the notation retainer, the notation was a coding error which has been corrected.

Undersigns current contract for services, which has been previously provided to the legislative auditor, clearly explains that the JCHCC will be billed for services after the legal work has been performed which is the practice employed by counsel. Further once the bills are forwarded for work already performed, a fee invoice and statement are forwarded to the Board for payment. Consequently, the terms of the contract clearly eliminate the need for the placement of any funds in an escrow account, except for a very limited circumstance as described below, as the services had been performed at the time the invoice and statements were forwarded to the agency for payment.

Counsel's role for JCHCC is tow fold: (1) advice to the Board as general counsel and (2) as counsel in defense of litigation against the JCHCC. In the context of general counsel, bills for services rendered were always submitted only after services were performed.

In the context of litigation defense counsel, the only bill for payment that would be advanced is for litigation cost which is routinely placed in the firms trust account until accrued to be paid to third parties

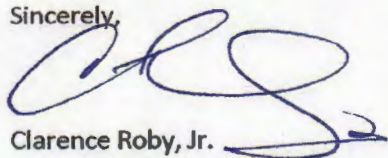
for services attendant to litigation. The billing statement for legal services rendered in defense of claims or law suits against JCHCC, were only submitted after services were rendered such that they were earned and were appropriately placed in the firms operating account.

Undersign acknowledges that in the context of billing statements to support matters in litigation, this type of documentation may be forwarded to the accounting department. It is only in the context of my role as general counsel where highly sensitive personnel matters are discussed, investigated and legal advice is provide, where the undersigned's billing invoices contain information regarding present personnel issues that the billing statements are for the Board's eyes only or the designee of the Board of Directors. Under either scenario, it is inappropriate for the accounting department to recreate billing statements and it should not have been done should not have in this instance as it creates a false impression of the actual matter.

Undersign will continue to provide contemporaneous detailed statement to the Board since much of the work performed by counsel include sensitive information that concern current and past employees. That fact has been proven true since a great deal of time has been devoted in the past to litigation involving former employees. The billing statements also include information regarding human resource issues which cannot be shared with the staff, including the accounting department.

Board counsel will continue to best practices that adhere to all state laws and comply with the ethical obligations that govern lawyers in the state of Louisiana. I hope the aforementioned statement clarify the questions raised by your office in the preliminary report. If additional question exist, please do not hesitate to contact me. I remain,

Sincerely,

A handwritten signature in blue ink, appearing to read 'CRJ', with a stylized flourish at the end.

Clarence Roby, Jr.
Board Counsel for JCHCC

Cc: Board Members for JCHCC

SPEARS & SPEARS

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IKE SPEARS
DIEDRE PIERCE KELLY

OF COUNSEL
WESLEY T. BISHOP

July 27, 2012

Via Email, Facsimile 225-339-3870 & U. S. Mail

Mr. Daryl G. Purpera, CPA, CFE

Louisiana Legislative Auditor

Post Office Box 94397

Baton Rouge, LA 70804-9397

Re: **Carol Smith**
Jefferson Community Health Care Center

Dear Mr. Purpera:

Please accept this letter as the formal response of Carol Smith to your proposed audit of the Jefferson Community Health Care Center ("JCHCC"). Your revised audit report suggests that Ms. Smith may have participated in improper financial transactions during her tenure as the Chief Executive Officer (CEO) of JCHCC. Ms. Smith disputes these assertions for the reasons set forth below.

Improper Transfers of Clinic Funds into Personal Bank Account of Ebony Williams

Ms. Smith was neither aware of nor did she participate in or authorize transfers by Ebony Williams of JCHCC funds into Ms. Williams' personal bank account. Ms. Smith adamantly denies any claims to the contrary. As you note in your report, Ms. Williams went to great lengths to disguise her unauthorized transfers as insurance payments to "The Hartford" or as "Befifits" [sic]. The records confirm that Ms. Smith did not have knowledge of Ms. Williams' intentions or fraudulent actions, and in May 2009, Ms. Smith sent an email to Ms. Williams raising questions about the first two electronic payments with the description "The Hartford". Ms. Williams' email response was that the payments were for life insurance and that they were submitted electronically to prevent cancellation. This clearly shows that the payments were never authorized or approved by Ms. Smith.

Mr. Daryl G. Purpera
July 27, 2012
Page 2

Improper Use of Public Funds

1. **Former CEO Carol Smith's Improper Leave Benefits**

The draft audit report contends that Ms. Smith was improperly paid \$17,744 for 206 hours of unearned vacation leave. Ms. Smith served as CEO for Jefferson Community Health Care Centers from 2004 until her resignation in 2010. During her entire engagement with the organization, Ms. Smith served as a Contract Salaried Employee and the conditions of her employment and benefits were clearly defined in her contract. Ms. Smith's vacation time was not subject to the same accrual policy as JCHCC staff. Pursuant to the terms and conditions of her employment, Ms. Smith was entitled to receive vacation time at a rate of three (3) weeks per calendar year. There is absolutely no prohibition in her employment contract against accumulating or "carrying over" unused vacation time. All vacation leave paid to Ms. Smith was indeed earned by her and consistent with the terms of her employment contract. A copy of Ms. Smith's last employment contract, dated December 2007, is attached to this response as Exhibit "A".

2. **Former CFO Ebony Williams' Improper Leave Benefits**

The draft report contends that at the time of her termination from the Clinic in March 2010, Ms. Ebony Williams received \$2,999 for 96 hours of unearned vacation leave. Ms. Smith resigned her employment with JCHCC in February 2010 so she had no involvement in the alleged overpayment to Ms. Williams.

3. **Uncollected Personal Loans and Payroll Advances**

No governmental funds were used for the purpose of making employee loans. At the time of her separation from JCHCC, Ms. Smith was making regular payments on her loan balance via payroll deductions from each check. Since her separation from the Clinic, she has attempted without success to make repayment arrangements.

4. **Improper Political Donation to Councilman Byron Lee's Campaign**

The audit report contends that Carol Smith authorized a \$1,000 political donation to the campaign of Jefferson Parish Councilman Byron Lee. The \$1,000 "political campaign" donation was actually a registration payment for a golf tournament participated in by several Clinic employees. JCHCC had sufficient non-governmental funds to pay this registration fee and no government funds were used in this transaction. Councilman Lee did offer to refund the registration fee and that may have already been done at the time of the audit report.

Mr. Daryl G. Purpera
July 27, 2012
Page 3

5. Improper Business Investment

The audit report cites that in November 2009, Carol Smith authorized a \$92,000 equity investment in the Louisiana Partnership for Choice and Access, LLC. The referenced \$92,000 business venture was a Third Party insurance company that was developed by members of the Louisiana Primary Care Association, an organization comprised primarily of members of the state's Federally Qualified Health Care Centers.

This For Profit business investment was explained in great detail to the Board members of Jefferson Community Health Care Centers on multiple occasions. Consultants obtained by the Louisiana Primary Care Association attended one of JCHCC's Board Members regularly scheduled meetings to present detailed information regarding the business investment and address questions the Board had regarding the business venture. Additional information was provided at multiple Board meetings by members of the Executive Staff and Ms. Smith, to ensure the Board Members understanding of the business investment prior to making a formal decision.

Approximately 15-20 of the member organizations of the Louisiana Primary Care Association, many of whom enjoy the same quasi-public status as Jefferson Community Health Care Centers, participated in the Medicaid Managed Care business invest, as this was not an independent venture, rather, it was an investment that was comprised of multiple Federally Qualified Health Centers within the state of Louisiana.

Ms. Smith, as CEO of JCHCC, had no authority to approve this venture, nor was she capable of casting a vote for or against its approval. A copy of the Board approved minutes of JCHCC's July 2009 meeting (Exhibit B) shows that the Board Members, in their segment, 'New Business', voted 7 -0 to move forward with participation in the Medicaid Managed Care investment project. During the Board Members October 2009 meeting, (Exhibit C), the Board approved minutes shows that Ms. Smith, in 'Old Business' re-visited the subject of the Medicaid Managed Care business investment and addressed any additional questions the Board Members had regarding the investment. During this meeting, Ms. Smith also reaffirmed the Board's decision in their July 2009 meeting, to move forward with the Medicaid Managed Care business investment and provide additional information to the Board of Directors regarding the investment.

Mr. Daryl G. Purpera
July 27, 2012
Page 4

The decision to invest in this business venture was purely an action by the JCHCC Board of Directors. Additionally, Ms. Smith, in her capacity as CEO, did not have the authority to singularly sign a check for \$92,000. A check in this amount required 2 signatures, the CEO and the Board Chairman or designee from the Board of Directors.

6. Improper Payments for Christmas Party

JCHCC had sufficient non-governmental funds well in excess of \$5,973 and no government funds were used for the office Christmas party.

Clinic Involvement in Diversified Ventures' Contract with Parish

1. Ms. Smith Improperly Invoiced the Parish for Services

Ms. Smith asserts that in the aftermath of Hurricane Katrina, JCHCC began providing services to the community at the request of Jefferson Parish. At the onset, the facility was open seven days a week and services were provided by specialists and volunteers from various states throughout the country. JCHCC was one of only three facilities operating in the area at the time, and the only free standing medical facility operable and accessible. As a result, patients, volunteers and relief workers were treated at the facility. Due to the chaotic post-Katrina environment and the volume of patients that were treated, no official patient log or tracking journal was kept, no fees were assessed, and services were provided at no cost.

Shortly thereafter, JCHCC was informed that through Diversified Ventures and their Operation Life Line program, they could be reimbursed for services provided by healthcare providers at a predetermined reimbursement rate. JCHCC subsequently submitted its invoices using this predetermined reimbursement rate and included names of the clinical employees and contractors, their discipline and the number of hours worked. Ms. Smith never indicated that JCHCC was open 24 hours a day, 7 days a week. Ms. Smith asserts that in the immediate aftermath of Hurricane Katrina, the facility was open 7 days a week with extended hours each day. Several weeks after Hurricane Katrina, the clinic resumed their normal working hours and billed accordingly.

Invoices submitted to Diversified Ventures were for services provided by healthcare providers and did not include an administrative fee or any additional fees beyond those assessed for the performance of direct clinical services. The names of the clinical employees and contractors who worked through Operation Life Line were listed on the invoices and included the total number of hours worked by each clinical employee. The total hours worked by employees were

Mr. Daryl G. Purpera
July 27, 2012
Page 5

tracked by various personnel and systems and forwarded to Ms. Smith for invoicing. Ms. Smith, in her capacity as CEO, was not responsible for tracking the hours of the clinical or subordinate staff. Information relative to the total number of hours worked by employees was forwarded to Ms. Smith for invoicing. To Ms. Smith's knowledge, all information was obtained and reported accurately based on the total hours worked by each provider; thusly, there was no fraudulent billing.

Through Diversified Ventures' Operation Life Line, JCHCC was allowed to bill for medical services provided through October 2009. As such, service hours provided by clinical employees throughout this time frame were billable and resulted in the inclusion of some of the clinical personnel in the Operation Life Line reimbursement.

As a subcontractor, Ms. Smith had no knowledge of the payor source(s) for the contract held by Diversified Ventures. Ms. Smith was not involved in any discussions relative to obtaining the contract; therefore, had absolutely no knowledge of the payor source(s) under this agreement. All invoices were submitted to Diversified Ventures for payment. All payments received for services through Operation Life Line were written to JCHCC from Diversified Ventures, submitted to the Accounting Department and processed according to organizational policy. No additional monies were received for administrative or any other services. As such, there was absolutely no knowledge of Jefferson Parish's involvement in the invoicing, approval or payment process.

2. Parish Council Aide Pamela Watson May Have Violated State Law by Approving Invoices and Participating in Parish Transactions with the Clinic in which an Immediate Family Member Held an Interest

The allegations set forth in this finding do not suggest any improper conduct on the part of Ms. Smith. Additionally, Ms. Smith's sister, Pamela Watson, was never in a position of authority to approve any contracts or invoices of JCHCC.

Further, as a Salaried employee of JCHCC, Ms. Smith held no economic interest. In Ms. Smith's capacity as a salaried, CEO, she received no additional compensation for any business venture or engagements with the organization. Therefore, to suggest there was an economic interest for Ms. Smith is incorrect.

Councilman Improperly Voted on Clinic Transactions

The allegations set forth in this finding do not suggest any improper conduct on the part of Ms. Smith and therefore does not warrant a response.

Mr. Daryl G. Purpera
July 27, 2012
Page 6

Questionable Payments by Clinic

1. Clinic's Excessive Payments to Exceptional Industrial Services

Exceptional Industrial is a company that was retained to provide *janitorial and lawn care services* to JCHCC. Janitorial services were provided 5 days a week and included cleaning services for the healthcare clinic and corporate offices. Lawn care services including landscaping, tree cutting and trimming were also provided.

The Legislative Auditor states that it requested three competitive quotes on providing cleaning services for the building, however:

- None of the quotes were in writing;
- Two of the companies never made a physical inspection of the building and the grounds; and
- None of the quotes included lawn care and landscaping.

Considering the facts outlined herein, we hereby request that any allusion to any misconduct by Ms. Smith be retracted from your report.

Please feel free to give me a call should you have any questions or concerns.

With kind regards, I remain

Very truly yours,

SPEARS & SPEARS


IKE SPEARS

IS/clj

cc: Eric S. Sloan, CPA
Allen Brown, CPA, CFE

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** is entered into as of the 1ST day of December, 2007 by and between Jefferson Community Health Care Centers, Inc., a Louisiana Company (the "Company"), and Carol W. Smith ("Chief Executive Officer" (CEO), and is effective upon approval of the Board of Directors.

1. DUTIES AND RESPONSIBILITIES.

See Addendum.

2. PERIOD OF EMPLOYMENT.

A. Executive's employment with the Company shall be governed by the provisions of this Agreement for the period commencing on the 1ST day of December, 2007 and continuing until this Agreement terminates pursuant to written notification by either the Company or Executive, which notification may occur at any time for any reason. The period during which the Executive provides services to the Company pursuant to this Agreement shall be referenced in this Agreement as the "Employment Period."

B. During the first two (2) years of this Agreement, if Executive is terminated other than for Cause or if she resigns for Good Reason, she shall be entitled to the payments and other benefits, set forth in Paragraph 7 of this Agreement. After successful completion of one full year of employment, Executive's employment contract will automatically renew itself for two years. If Executive is terminated other than for Cause or if she resigns for Good Reason in the last year of her contract, Executive shall be entitled to a maximum of one base year salary.

3. CASH COMPENSATION.

A. Executive's initial Base Salary shall be One Hundred Forty-Eight Thousand (\$148,000) per year payable in accordance with the Company's standard payroll schedule. Executive's compensation shall be subject to periodic review by the Company, and may be increased or decreased in the Company's discretion. Executive may further be entitled to an annual increase in base salary of up to six percent (6%) of base salary.

B. Bonus: Bonuses will be determined and may be awarded based on merit, performance, grants/funding acquisition, organizational expansion, as well as additional factors as determined by the Board of Directors.

The final parameter of the bonus structure will be finalized within ninety (90) days of signing of this contract.

1

C. The Company shall deduct and withhold from the compensation payable to Executive hereunder any and all applicable Federal, State and Local income and employment withholding taxes and any other amounts required or authorized by Executive to be deducted or withheld by the Company under applicable statutes, regulations, ordinances or orders governing or requiring the withholding or deduction of amounts otherwise payable as compensation or wages to employees.

4. EXPENSE REIMBURSEMENT.

In addition to the compensation specified in Paragraph 3, Executive shall be entitled, in accordance with the reimbursement policies in effect from time to time, to receive reimbursement from the Company for reasonable business expenses, including education, incurred by Executive in the performance of her duties hereunder, provided Executive furnishes the Company with vouchers, receipts and other details of such expenses in the form required by the Company sufficient to substantiate a deduction for such business expenses under all applicable rules and regulations of Federal guidelines.

Allowances for gas shall be given in monthly increments in the amount of Six Hundred (\$600.00) Dollars.

5. FRINGE BENEFITS.

A. Executive shall, throughout the Employment Period, be eligible to participate in all group term life insurance plans, group health plans, accidental death and dismemberment plans and short-term disability programs and other Executive perquisites which are made available to the Company's Executives and for which Executive qualifies. Please refer to the Company's Employee Handbook and Summary Plan Descriptions for further information concerning these benefits. Additionally, upon submission of appropriate documentation, Executive shall be entitled to be reimbursed for supplemental insurance products including life insurance at a cost of up to an additional Fifteen Thousand (\$15,000.00) Dollars per year.

B. Executive shall be given vacation time during the Employment Period at the rate of three (3) weeks per calendar year.

7. SEVERANCE PAY FOR EXERCISE OF THE AT-WILL CLAUSE.

Notwithstanding any of the provisions of this Agreement, Executive's employment with the Company is at will, which means that it is not for a specific term and may be terminated by either the Company or Executive at any time, for any reason without advance notice. Similarly the Company may change the terms and conditions of Executive's employment at any time, for any reason, without advance notice.

Should the Company terminate Executive's employment for Cause, as defined below, or should Executive voluntarily resign other than for Good Reason, the Company shall have no obligation to Executive under this Agreement other than for accrued but

unpaid salary and vacation as of the date of termination. Should the Company terminate Executive's employment other than for Cause during the first two (2) years of this Agreement, or should Executive resign for Good Reason, the Company shall have no further obligation under this Agreement, except that the Company will continue to pay Executive's base salary for the remaining period of said contract.

8. GOOD REASON.

For Purposes of this agreement, "Good Reason" shall mean:

A. A material reduction in the duties, responsibilities, status, reporting responsibilities, title, or offices that Executive had with the Company immediately before the reduction.

B. A reduction by more than 10% of the total annual cash compensation (defined as Base Salary and Target Bonus) that Executive was eligible to receive from the Company and its affiliates immediately before the reduction, except a reduction that is part of, and consistent with, an across-the-board reduction in the salaries of senior officers of the Company.

C. The failure of any successor to the Company by merger, consolidation or acquisition of all or substantially all of the business of the Company to assume the Company's obligations under this Agreement.

D. A material breach by the Company of its obligations under this Agreement.

9. CAUSE.

For purposes of this Agreement, "Cause" shall mean a reasonable belief by the Board of Directors that Executive has engaged in any one of the following: (i) financial dishonesty, including, without limitation, misappropriation of funds or property, or any attempt by Executive to secure any personal profit related to the business or business opportunities of the Company without the informed, written approval of the Company's Board of Directors; (ii) refusal to comply with reasonable directives of the Company's Chief Executive Officer or Board of Directors; (iii) negligence or reckless or willful misconduct in the performance of Executive's duties; (iv) failure to perform, or continuing neglect in the performance of, duties assigned to Executive; (v) misconduct which has a materially adverse effect upon the Company's business or reputation; (vi) the conviction of, or plea of nolo contendere to, any felony or a misdemeanor involving moral turpitude or fraud; (vii) the material breach of any provision of this Agreement; (viii) violation of Company policies including, without limitation, the Company's policies on equal employment opportunity and prohibition of unlawful harassment; (ix) death of the Executive; or (x) a disability which continues for a period in excess of 365 days. A termination as a result of a Change in Control shall not constitute cause.

10. CHANGE IN CONTROL.

For purposes of this Agreement "Change In Control" shall mean any of the following transactions effecting a change in ownership or control of the Company:

- (i) a merger, consolidation or reorganization approved by the Company's Board of Directors, 50% of the voting power of the successor Company are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company's outstanding voting securities immediately prior to such transaction, or
- (ii) any Board of Director approved transfer or other disposition of all or substantially all of the Company's assets, or

11. RESTRICTIVE COVENANTS.

During the Employment Period:

(i) Executive shall devote Executive's full time and energy solely and exclusively to the performance of Executive's duties described herein, except during periods of illness or vacation periods.

(ii) Executive shall not directly or indirectly provide services to or through any person, firm or other entity except the Company, unless otherwise authorized by the Board in writing.

(iii) Executive shall not render any services of any kind or character for Executive's own account or for any other person, firm or entity without first obtaining the Company's written consent.

Executive, however, shall have the right to perform such incidental services as are necessary in connection with (a) Executive's private passive investments, but only if Executive is not obligated or required to (and shall not in fact) devote any managerial efforts which interfere with the services required to be performed by her, or (b) Executive's charitable or community activities, or participation in trade or professional organizations, but only if such incidental services do not interfere with the performance of Executive's services to the Company.

12. NON-COMPETITION DURING THE EMPLOYMENT PERIOD.

Executive acknowledges and agrees that given the extent and nature of the confidential and proprietary information she will obtain during the course of her employment with the Company, it would be inevitable that such confidential information would be disclosed or utilized by the Executive should she obtain employment from, or otherwise become associated with, an entity or person that is engaged in a business or

enterprise that directly competes with the Company. Consequently, during any period for which Executive is receiving payments from the Company, either as wages or as a severance benefit, Executive shall not, without prior written consent of the Company's Board of Directors, directly or indirectly own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be employed by or connected in any manner with, any enterprise which is engaged in any business competitive with or similar to that of the Company; provided, however, that such restriction shall not apply to any passive investment representing an interest of less than two percent (2%) of an outstanding class of publicly-traded securities of any Company or other enterprise which is not, at the time of such investment, engaged in a business competitive with the Company's business. Executive shall, however, be allowed to consult with any non-competing or similar facility to that of the Company.

13. NON-SOLICITATION.

During the Employment Period and for one (1) year following termination of Executive's employment, Executive shall not encourage or solicit any of the Company's employees to leave the Company's employ for any reason or interfere in any other manner with employment relationships at the time existing between the Company and its employees. In addition, Executive shall not solicit, directly or indirectly, business from any client of the Company, induce any of the Company's clients to terminate their existing business relationship with the Company or interfere in any other manner with any existing business relationship between the Company and any client or other third party.

Executive acknowledges that monetary damages may not be sufficient to compensate the Company for any economic loss which may be incurred by reason of her breach of the foregoing restrictive covenants. Accordingly, in the event of any such breach, the Company shall, in addition to the termination of this Agreement and any remedies available to the Company at law, be entitled to obtain equitable relief in the form of an injunction precluding Executive from continuing such breach.

14. PROPRIETARY INFORMATION.

As a condition precedent to Executive's employment with the Company, Executive will execute the Company's standard Confidential Information and Assignment of Inventions Agreement attached hereto as Exhibit A. Executive's obligations pursuant to the Confidential Information and Assignment of Inventions Agreement will survive termination of Executive's employment with the Company.

15. SUCCESSORS AND ASSIGNS.

This Agreement is personal in its nature and the Executive shall not assign or transfer her rights under this Agreement. The provisions of this Agreement shall inure to the benefit of, and be binding on each successor of the Company whether by merger,

consolidation, transfer of all or substantially all assets, or otherwise and the heirs and legal representatives of Executive.

16. NOTICES.

Any notices, demands or other communications required or desired to be given by any party shall be in writing and shall be validly given to another party if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested.

If such notice, demand or other communication shall be served; personal service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication is given by mail, such notice shall be conclusively deemed given forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice, demand or other communication is to be given as hereinafter set forth:

To the Company:

Jefferson Community Health Care Centers, Inc.
4028 U. S. Highway 90
Avondale, LA 70094

To Executive:

Carol W. Smith
2620 Crestway Road
Marrero, LA 70072

Any party may change its address for the purpose of receiving notices, demands and other communications by providing written notice to the other party in the manner described in this paragraph.

17. GOVERNING DOCUMENTS.

This Agreement along with the documents expressly referenced in this Agreement constitute the entire agreement and understanding of the Company and Executive with respect to the terms and conditions of Executive's employment with the Company and the payment of severance benefits and supersedes all prior and contemporaneous written or verbal agreements and understandings between Executive and the Company relating to such subject matter. This Agreement may only be amended by written instrument signed by Executive and an authorized officer of the Company. Any and all prior agreements, understandings or representations relating to the Executive's employment with the Company are terminated and cancelled in their entirety and are of no further force or effect.

18. GOVERNING LAW.

The provisions of this Agreement will be construed and interpreted under the laws of the State of Louisiana. If any provision of this Agreement as applied to any party or to any circumstance should be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the invalidity of that provision shall in no way affect (to the maximum extent permissible by law) the application of such provision under circumstances different from those adjudicated by the court, the application of any other provision of this Agreement, or the enforceability or invalidity of this Agreement as a whole. Should any provision of this Agreement become or be deemed invalid, illegal or unenforceable in any jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision will be stricken and the remainder of this Agreement shall continue in full force and effect.

19. REMEDIES.

All rights and remedies provided pursuant to this Agreement or by law shall be cumulative, and no such right or remedy shall be exclusive of any other. A party may pursue any one or more rights or remedies hereunder or may seek damages or specific performance in the event of another party's breach hereunder or may pursue any other remedy by law or equity, whether or not stated in this Agreement.

20. ARBITRATION.

Executive and the Company shall separately execute an Arbitration Agreement in the form attached hereto as Exhibit B which, among other things shall provide for arbitration of all claims which arise out of Executive's employment under the terms of this Agreement. This Arbitration Agreement will survive the termination of Executive's employment with the company.

21. NO WAIVER.

The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any later breach of that provision.

22. COUNTERPARTS.

This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

Jefferson Community Health Care Centers, Inc.

By: Joseph Ewell
Title: Board Chairman

- Craig E. Heney

12-1-2007

Carol W. Smith
Chief Executive Officer
2626 Crestway Road
Marrero, LA 70072

**ADDENDUM TO
EMPLOYMENT AGREEMENT
DUTIES AND RESPONSIBILITIES.**

DUTIES AND RESPONSIBILITIES.

A. Executive shall serve as the Chief Executive Officer or such other title or position as may be designated from time to time by the Company's Board of Directors. Executive shall report to and perform the duties and responsibilities assigned to her by the Company's Board of Directors, or such other person as may be designated by the Company's Board of Directors.

B. Executive agrees to devote her full time and attention to the Company, to use her best efforts to advance the business and welfare of the Company, to render her services under this Agreement fully, faithfully, diligently, competently and to the best of her ability, and not to engage in any other employment activities.

C. Executive shall be based at the Company's office located in Harvey, Louisiana, but Executive shall be required to travel to other geographic locations in connection with the performance of her Executive duties.

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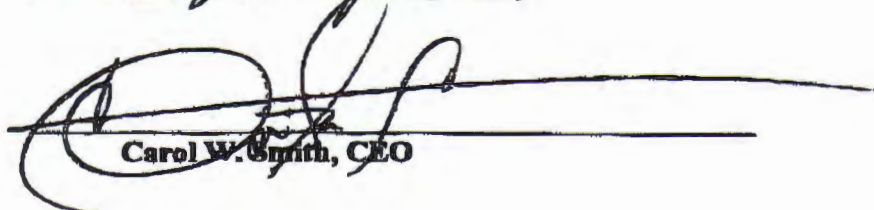
**Employment Agreement by and between Jefferson Community Health Care
Centers, Inc. and Carol W. Smith.**

Benchmarks for Executive Bonus

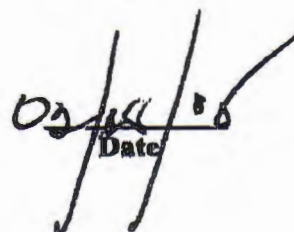
The following measurable benchmarks will be used as a parameter(s) for the
determination of the Executive Bonus.

1. Patient Encounters
2. Development of and/or Expansion of Programs and Projects
3. Acquisition of Grants and Revenues


Board Chairman, Craig Henry


Carol W. Smith, CEO

Feb 28, 2008
Date


Date

Jefferson Community Health Care Centers, Inc.**Board of Directors Meeting****July 23, 2009****Opening:**

The regular Board of Directors of Jefferson Community Health Care Centers, Inc. took place at 1855 Ames Blvd., Marrero, LA 70072. The meeting was called to order by Michael Parker, Vice Chairman at 6:05p on July 23, 2009. The invocation and Pledge of Allegiance was given by Sylvester Williams.

Present

Willie P. Davis, Shelitha Dominic, Travis Johnson, Kendrick Miller, Michael Parker, Joycelyn Prevost, DeShanon Russell, Carol W. Smith, Robert Torry, Preston Wright, Ebony Williams, Sylvester Williams.

Mrs. Smith took this opportunity to introduce JCHCC newest employee Kendrick Miller, Project Manager/Site Manager River Ridge location.

A. Approval of Agenda

Motion was made by Shelitha Dominic to approve the Agenda

2nd by Sylvester Williams

All in favor

Yeas 7 Nays 0

B. Approval of Minutes

Motion was made by Shelitha Dominic to approve the Minutes

2nd by Sylvester Williams

All in favor

Yeas 7 Nays 0

C. Old Business**West Jefferson Medical Center**

Mrs. Smith stated to the Board of Director that she met with Nancy Cassagne, CEO of West Jefferson Medical Center in reference to purchasing the Avondale location. Mrs. Smith elaborates in details on this matter.

Kendrick Miller/DeShanon Russell

Capital Improvement – Mr. Miller and Mrs. Russell explains the process on the grant process and it completion date.

Audits Findings

Mrs. Smith elaborated on the progress of the Legislative Audit to the Board of Directors. Ms. Williams gave the board clarity and a better understanding on the audit. A suggestion was made by Travis Johnson to compensate several employees for assisting in the audit process needs. A motion neither a vote by the Board was made on compensating staff.

**EXHIBIT
"B"**

Promotions

Mrs. Smith stated to the Board of Directors that she promoted Jeremy Dumas to Deputy Executive Director, in the absent of the CEO five (5) or more days out of the office. Mrs. Smith elaborates to the Board of Directors on the progress that Dr. Dumas has made in five (5) years. Mrs. Smith stated that she and Dr. Dumas have been meeting on a regular basis so that he will be familiar with the day to day business.

Motions Made/Accepted

The Board of Directors made several motions to except contracts as followed:

Motion was made and accepted to hire Cyrus Ardalan as full time dentist.

Motion was made and accepted Phyllis Williams to change of status from contract to full time employee.

Motion was made and accepted to appoint Jeremy Dumas as Deputy Executive Director.

Motioned by
Sylvester Williams
2nd by

Robert Torry

All in favor

Yeas 7 Nays 0

Jeremy Dumas appointed to Deputy ED

Motion by Sylvester Williams

2nd by Joycelyn Prevost

Resolutions # 20092307

A Resolution was passed and approved to move forward in applying for a grant in the amount of 75,000.00 through the Bureau of Primary Health Care.

Motioned by

Sylvester Williams

2nd by

Travis Johnson

All in favor

Yeas 7 Nays 0

Departmental Reports**Finance**

Ebony Williams, CFO

See attached report

Clinical

Jeremy Dumas, CMO

Dr. Dumas did not attend this meeting

Operations

Preston Wright, COO

See attached report

Special Projects

DeShanon Russell/ Kendrick Miller

See attached report

A motion was made to approve and accept the Departmental Reports.

Motioned by

Sylvester Williams

2nd by

Shelitha Dominic

All in favor

Yeas 7 Nays 0

NACHC Conference

Mrs. Smith elaborated to the Board of Directors of those interested in attending the conference contact C. Evans. The conference is scheduled for August 21st – August 25th, 2009.

Performance and Improvement

Sylvester Williams

Mr. Williams elaborated to the Board of Directors on the updates from the QA/PI meeting that he attends monthly.

D. New Business

Medicaid Managed Care

Power Point Presentation

Mrs. Smith elaborated to the Board of Directors on Medicaid Managed Care a Power Point Presentation that was hand out. Mrs. Smith encouraged all of the Board of Directors to read and fully understand the process of Medicaid Managed Care.

A motion was made and approves to move on the Medicaid Managed Care Project.

Motioned by

Sylvester Williams

2nd by

Joycelyn Prevost

All in favor

Yeas 7 Nays 0

E. Agenda for Next Meeting

Adjournment:

The Board of Directors meeting was motioned by Sylvester Williams at 7:45p and 2nd by Shelitha Dominic to adjourn. The next Board of Directors meeting is scheduled for September 17, 2009, at 1855 Ames Blvd., Marrero, LA 70072 for 6p.

Minutes submitted by: Carol A. Evans, Executive Assistant

Approved by: Carol W. Smith, CEO

MINUTES OF DIRECTOR'S MEETING
JEFFERSON COMMUNITY HEALTH CARE CENTER, INC

OCTOBER 15TH, 2009

OPENING: The regular Board of Directors of Jefferson Community Health Care Center, Inc., took place at 1855 Ames Boulevard, Marrero, LA 70072. The meeting was called to order by Joyclen Prevost, Chairman, at 6:22pm, on October 15, 2009.

INVOCATION: Sylvester Williams

PLEDGE OF ALLEGIANCE: Julie Billups

PRESENT

Shelitha Dominic
Joyclen Prevost
Deshanon Russell
Carol Smith
Preston Wright
Ebony Williams
Sylvester Williams
Lester Dunn
Julie Billups
Kendrick Miller
Jeremy Dumas, MD

APPROVAL OF AGENDA

Motion was made by Lester Dunn and second by Sylvester Williams
All in favor: yes 5 nays 0

APPROVAL OF MINUTES:

Motion was made by Lester Dunn and second by Sylvester Williams
All in favor: yes 5 nays 0

OLD BUSINESS - DESHANON RUSSELL

Facility expansion project - This is a state project for improvement of programs in Jefferson Parish. Basically where we are with our project is to put the FEI, which is the Facility Expansion Initiative, which are state funds that have been utilized to expand, acquire, or improve the facilities. It is money that will be leveraged between federal funds and if you have other funding sources, they'll leverage those together. It is actually a contribution of 41%. I actually have 49%, but it is 41%; this is in the packet.

There are two separate sets of funding with in the FEI: There's a tier 1 and a tier 2 sets of projects. The tier 1 is money that's there to be appropriated; and tier 2 is like if Community Health doesn't use the money in tier 1, they will have some money in a tier 2. So we are in both projects for expansion and improvement. Basically, the project for tier 1 is to purchase Avondale, expand River Ridge to provide additional services, and to purchase a Gretna facility. And also, some money has been allocated for electronic medical records. The current update with those specific projects, we have received an e-mail from West Jefferson from the CEO stating that

EXHIBIT
"C"

Page -2-

Meeting of Directors
Jefferson Community Health Care

they're ready to move on with accepting a purchase offer from us, so that's where we are now. We'd like to submit a purchase offer agreement to West Jefferson to acquire the Avondale facility. We want to offer at \$552,000, which was the appraisal we got from the consultants, but West Jefferson stated that they're appraisal will ask \$612,000, so I just figure that we will offer at our appraised price and we can negotiate with that. I would like to submit a purchase offer by Monday.

The offer for the Gretna facility: The Gretna facility, we had previously tried to acquire this building about a year to a year and a half ago and it is still for sale, so Princess and I have been working with Bobby Hebert at Jack Stumpf's office, we are trying to get a good negotiated price, as they are just holding on to the building. We would like to submit an offer to purchase that building as well. We feel like it would serve the needs that we're looking for to have some added space along with providing some medical care. That building was appraised at \$1.2, but we wanted to offer about \$1 million for that building.

For the River Ridge facility: Because we do not own River Ridge, it is parish owned, we were thinking with our consultants that we would get a modular unit. If we were not ever able to purchase a building or unit, we were thinking about modular units to provide mental health service. Because within the scope of the project, we would have to stay within the goals that we applied for money for these projects, and one of the goals was to provide mental health care, so that's what we wanted to do with that modular unit.

Within the Tier 2 project, we have about six projects on the table but we really were just going to submit the two projects, which is the Gretna, to use that second set of monies to renovate the Gretna building and to make sure that we have new administrative space, to move the administrative team out of corporate and out of the clinic, and allocate some of administrative space in the Gretna facility. So, we are currently working on that project with our consultants to get those things done to apply for those monies.

The Cap-One FEMA program, which is fifth grant money, which is called the Fifth Grant Money, that's federal dollars we were awarded \$491,000.00 in June. We had applied for that money to purchase equipment in Gretna and furniture for our Gretna facility, so we have that money allocated for those purposes. The FIT, which is the Facility Investment program, which is another federal grant. It is a competitive grant that we did to expand general services at Avondale. We had offered that system out. We want to add about 2,000 square feet to Avondale and I have in the report what it would improve: three operatories, office space, lobby space, x-ray, and laboratory. That proposed project came up to about \$957,000, so we applied for that grant and the award notice should come out about November 1. It's a three-year completion project, so we have three years to have that project completed. It is a highly competitive grant and it's a grant ranging from \$750,000 to 12 million, and there are over 100 awards given throughout the United States, so they're stating that each project would get about \$5 million, and will keep about \$5 million per project, so we are just waiting for news on that grant.

Page -3-

Meeting of Directors
Jefferson Community Health Care

Parish appropriated funds - We were appropriated \$100,000 through the parish but when we received all the information, it was for the Marrero dental facility and the Marrero dental expansion has already been completed, so we can't use that money to reimburse what we've paid for it, so I was told that we would change it to try to put those funds towards something else. It asked about dental equipment, but we already had money toward the equipment, so we wanted to keep it within the same scope, so Ms. Smith and I and the whole team got together and we decided to submit the changes for general areas, and we're to add more opatories as River Ridge, because it had to be at a parish-own facility and since River Ridge is parish-owned and we wanted to keep it in the same scope of dental, so we would just expand dental. We spoke with State Representative Jackson who had to approve the changes and he said he was going to make sure we keep everything into the parish, so we are just waiting for that news on who should receive those funds. We have to sign a Cooperative Agreement and that's we need another \$100,000 and we'll try to expand the opatories.

We received text messages from Joe, he's out of town, called and said he's not coming. Michael is going out of town, he's not coming, Lester said he's coming late, and Craig officially resigned today.

Two other items: Medicaid Managed Care Contracts. We talked about that at the last meeting. Medicare Managed Care HMO program is just going to be with Medicaid patients. Forming a new company called LA NEW CO. At the board meeting, I did ask for a resolution to move forward with making our contribution to the Medicaid Managed Care because it is a for profit venture and the investment is \$95,000. The resolution was passed in July to move forward, but I wanted to bring it back up again and give more information on the Medicaid Managed Care.

Our annual audit is also completed and that draft will be ready tomorrow for the fiscal year 2008.

NEW BUSINESS - CAROL SMITH

We do not have much in the way of new business; however, we do have a short-term disability package that we offer to the employees now through Colonial Insurance. It is employee expensed, which means that the employees pay their own 100% of the cost for the short-term disability and as I understand it, I think about 98% of the employees participated. We do have long-term disability insurance, but the company does pay that, but employees do pay the short-term disability themselves.

Right now our 401-K plan. We contributed 4% to the employees for their 401-K, regardless of what they contribute. What we're recommending effective January 1, 2010 is to discontinue that program and do a cash match up to 4%, which means if they don't contribute, then we don't contribute. Right now, the participation has dropped significantly in light of the recession and the money market not making what they used to be, a lot of people who participated either reduced their participation or is not participating altogether. So, rather than continue to contribute to those employees who are not contributing anything, we're recommending that we do a match up to

Page -4-

Meeting of Directors
Jefferson Community Health Care

4%. If they put 4% then we put 4%. If they put 2%, then we put 2%. And that will be cost saving. Right now we are also looking at a transportation contract for patients to and from West Jefferson Hospital to our facility, as well as East Jefferson Hospital to our facility. One of the problems they're having is that the patients don't have any mode of transportation from the hospital to our facility. We're only looking at a six-month contract, a very short-term contract with a transportation company. We actually looked at several bids and the one that was most favorable was the least expensive of the five bids that we did get. It would be transporting patients from the hospital to our facility, or patients who are at this facility and needs to go to Avondale for optometry services, or Avondale patients that need to come in. It will be strictly our patients and not an overall transportation from their home to where ever else, because then that would be much more costly. Once we finalize that, we will give you the information on that.

Right now, the gentleman who was our IT manager is no longer with us. We do have an IT person on staff right now Mr. Summers, who has been with us for a while. But basically, what I think we need is an overall IT assessment to see what our IT needs are, because none of us are sufficient in IT, so we really don't have a clue as to where we should be, if we need someone to bring us to another level. There are four different companies who will come out and give us an IT needs assessment and based on that needs assessment, we're going to look at all four of those and see what our needs are, first and foremost and then to determine which company will be the best suited to come in and implement those different IT needs. I don't necessarily think we need to hire another IT manager, because we have this other gentleman who is, I guess a tier 2 IT individual who can maintain things, but as far as implementing those systems that should be in place from an IT perspective, remember, we have electronic medical records. All of our facilities are at work, which means if you go to a physician at anyone of our sites, they could pull up your records. And because we're in an automated age, it is imperative that our IT needs, everything from the servers communicating with one another, in our dental; that's another IT software that we're using. We're almost completely automated so it is definitely imperative that we have someone come in and assess what or needs are. And if perhaps we do need another IT manager and if that's the recommendations based on our IT needs, we'll have to move in that direction. If not, then we will just continue to move forward with the gentleman that we have.

Pending litigation we do have an active lawsuit right now. Dr. Wilson, he's a contract physician at Avondale and there is an active lawsuit now. Ron still has the case. He's had the case for I guess a couple of months now and he is still actively working on it. He has talked to Dr. Dumas several times about the case, so right now there's really not much to update.

Update per Dr. Dumas: Briefly, we saw a patient one time for acid reflux. Wife also had reflux, taking Zantac(?) for it. Her reflux went away. He came in two days later to get his own prescription for reflux, so his wife wouldn't be short. He was asymptomatic when he came in. Six to seven days later, had some more problems and went to Ochsner. He told me he had a heart attack. The bottom line it is not a winnable case for him but he can sue us. That's the risk that we're running in our type of facility when we allow walk ins or people to drop in who we don't follow-up, as they never come back.

Page -5-

Meeting of Directors
Jefferson Community Health Care

There are three different pending lawsuits.

1) One of them is where a manufacturing company had to pull a medication that we prescribed, as well as everybody else.

2) We have one where a guy saw us; ask for Avandia. Avandia is a drug that may cause heart problems. He decided to sue Merck, as Merck is the maker of Avandia, but what he didn't realize is that if you sue Merck, you essentially sue everybody whose ever seen you. He was started on that medicine by a cardiologist, it was not a medicine that we started, just one that we continued, and he had a heart attack.

We will keep you updated on those.

RESOLUTIONS PASSED AND APPROVED

1. MOVE FORWARD ON RETAINING LAW FIRM

MOTION MADE BY LESTER DUNN SECOND BY SYLVESTER WILLIAMS

ALL IN FAVOR: YES 5 NAYS 0

2. EMPLOYEE'S BENEFIT PACKAGE

MOTION MADE BY LESTER DUNN SECOND BY SYLVESTER WILLIAMS

ALL IN FAVOR: YES 5 NAYS 0

3. SUBMIT PURCHASE AGREEMENTS ON AVONDALE AND GRETNAL FACILITY

MOTION MADE BY LESTER DUNN SECOND BY SYLVESTER WILLIAMS

ALL IN FAVOR: YES 5 NAYS 0

4. HIRE ACCOUNTING CONSULTANT MARVIN

MOTION MADE BY SYLVESTER WILLIAMS AND SECOND BY JULIE BILLUPS

ALL IN FAVOR: YES 5 NAYS 0

5. MOTION MADE TO CONTRACT REBOWE & COMPANY PUBLIC ACCOUNTANTS CONSULTANTS

MOTION MADE BY LESTER DUNN AND SECOND BY JULIE BILLUPS

ALL IN FAVOR: YES 5 NAYS 0

MOTIONS WERE MADE AND ACCEPTED

1. AGENDA PROVIDED TO EACH BOARD MEMBER FRIDAY BEFORE MONTHLY MEETING

MOTION MADE BY LESTER DUNN SECOND BY SYLVESTER WILLIAMS

ALL IN FAVOR: YES 5 NAYS 0

2. TWO SIGNERS ON ALL ACCOUNTS

MOTION MADE BY LESTER DUNN SECOND BY JULIE BILLUPS

ALL IN FAVOR: YES 5 NAYS 0

3. ADOPTION OF CREDIT CARD USE AND POLICY

MOTION MADE BY SYLVESTER WILLIAMS AND SECOND BY LESTER DUNN

ALL IN FAVOR: YES 5 NAYS 0

4. BANK ACCOUNT STATEMENTS, CANCELLED CHECKS AND INVOICES PROVIDED AT

MOTION MADE BY LESTER DUNN AND SECOND BY SYLVESTER WILLIAMS

ALL IN FAVOR: YES 5 NAYS 0

The annual board training is November 21st, that's a Saturday, and we've asked to check-in on that Friday. What I would like to do on that Friday night is go over the Policy and Procedure manual, the Operations Policy and Procedure manual, as well as the Accounting Policy and Procedure manual, page by page. We will send the manuals out four weeks prior to that date. We will go over it page by page so that everybody will have an in depth understanding of the different policies as opposed to a broad overview, but a

Page -6-

Meeting of Directors

Jefferson Community Health Care

clear understanding so if there are any changes, it would have to be done at that time, and we can go over those changes. On that Saturday, I've contacted Randolph again to conduct the training session as well as Jonathan Chapman, the consultant that we are working with. So the guys can have an in depth understanding of the capital money, and how that works and how to move forward. As I've stated on last year, if there is any area that you guys really aren't sure of or need more information on, Randolph is definitely suppose to come back because we need more or less an in depth training about our responsibilities.

FINACIAL REPORT - EBONY WILLIAMS

Regarding bank statements. We don't have the actual bank statements with us, but we do have it on Power Point, the beginning balance for September and also has the current reconciled balance for each of the bank accounts. We do have the debit cards associated with those account. The first one is Chase and the second one is an Omni account. In Chase we have payroll; we have an operating account. From payroll we do taxes for anything related to the payroll, including state taxes and other things.

COMMENTS: Information provided at board retreat on payment for services and health plan for board members.

ADJOURNMENT: The Board of Directors meeting was motioned by Lester Dunn and second by Sylvester Williams at 8:05pm to adjourn.

SPEARS & SPEARS

ATTORNEYS AND COUNSELLORS AT LAW

1631 ELYSIAN FIELDS AVENUE

NEW ORLEANS, LOUISIANA 70117

TELEPHONE: (504) 593-9500

TELECOPIER: (504) 523-7766

www.spearslaw.com

IKE SPEARS
DIEDRE PIERCE KELLYOF COUNSEL
WESLEY T. BISHOP

July 27, 2012

Via Email, Facsimile 225-339-3870 & U. S. Mail

Mr. Daryl G. Purpera, CPA, CFE

Louisiana Legislative Auditor

Post Office Box 94397

Baton Rouge, LA 70804-9397

Re: **Pamela Watson**
Jefferson Community Health Care Center

Dear Mr. Purpera:

Please accept this letter as the formal response of Pamela Watson to your proposed audit of the Jefferson Community Health Care Center ("JCHCC"). Ms. Watson is neither an employee nor officer of the subject agency, so her inclusion in your audit report is gratuitous, unnecessary and inappropriate. In your revised audit report, you suggest that Ms. Watson may have violated state law by approving invoices for Diversified Ventures and by performing duties overseeing the Parish's agreement with JCHCC while her sister, Carol Smith, held an economic interest in this agency.

It is our position that as Council Aide, Ms. Watson did not have the authority to approve invoices for any agency under contract with the Parish of Jefferson. The invoices purportedly bearing Ms. Watson's signature or initials are unclear and Ms. Watson does not recall signing these invoices involving payments to Diversified Ventures. Ms. Watson further asserts that she is not aware of any circumstance wherein she, as Council Aide, had authority to approve contracts or invoices. Per your draft audit report, you indicate that multiple current and former finance and accounting employees stated that following Hurricane Katrina, Council members and their aides were allowed to oversee Parish contracts and approve payments of invoices; however, **Exhibit "A"**, is an Emergency Resolution in which the Council clearly gives authority to the Parish President and his Administration to oversee contracts and approve invoices following Hurricane Katrina. There is no documentation which suggests that Council members or their Aides were given the authority to oversee contracts or approve invoices following Hurricane Katrina.

Mr. Daryl G. Purpera
July 27, 2012
Page 2

Clinic Involvement in Diversified Ventures' Contract with Parish

1. Clinic Services Improperly Invoiced to Parish

The allegations set forth in this finding do not suggest any improper conduct on the part of Ms. Watson. Ms. Watson was not involved in the billing practices or the approval of the invoices of Diversified Ventures. She did not negotiate, administer or supervise the contract between Diversified Ventures and Jefferson Parish. Most importantly, there is no documentation which suggests that Ms. Watson knew or should have known of any financial interest that her sister, Carol Smith, may have had in the Diversified Ventures contract with Jefferson Parish.

2. Parish Council Aide Pamela Watson May Have Participated in Parish Transactions Benefitting her sister, Carol Smith

Your report alleges that Ms. Watson oversaw the Parish's 2004 cooperative endeavor agreement with the clinic. As stated by Ms. Watson during her interview with Mr. McDougal, upon being shown a document, **Exhibit "B"**, Ms. Watson advised Mr. McDougal that her signature on said document was indeed her signature on behalf of then Councilman Lee. Furthermore, she advised him that as Administrative Aide/Secretary, she did not have the authority to oversee this and/or any other agreement on behalf of Jefferson Parish. Please see **Exhibit "C"**, which is a copy of the job description for Administrative Aides within the Parish of Jefferson. As outlined under Administrative Aides Job duties, overseeing cooperative endeavor agreements and/or approving invoices **does not** fall under the purview of an Administrative Aide's responsibilities.

Additionally, regarding the "**cover form**," Mr. Jeremy D. Dwyer, Director of Legal Analysis for the Parish of Jefferson clearly states in a detailed explanation of the "**cover form**" which bears Ms. Watson's signature, this sheet, forms no part of the legal contract itself. The cover form merely serves as an administrative tool for tracking a contract through the various Jefferson Parish departments which must review and approve the terms of a contract before it is executed. The individuals who sign at the bottom of the cover sheet, do so not as "sponsors" or originators of the document, but only to indicate that they've reviewed and approved the form of the contract". Mr. Dwyer goes on to state:

"In the case of the Community Health Centers contract, there was no originating department. Since the Community Health Center was physically located within the boundaries of Jefferson Parish Council District No. 3, it was appropriate for the Council member representing District 3 to sign the cover form in the "Department Head" space to initiate the routing of the contract. Ms. Pamela Jackson was serving as

Mr. Daryl G. Purpera
July 27, 2012
Page 3

secretary to District 3 Councilman Byron Lee at the time she signed the cover sheet for the Community Health Center contract and it was in that capacity that she was conveying Mr. Lee's approval of the contract for routing. Ms. Jackson would not have been authorized to sign the cover sheet in her own capacity. Her signature must be viewed as a proxy for Councilman Lee's approval of the contract for routing purposes."

Please see **Exhibit "D"** which is a document from Mr. Dwyer providing a complete, detailed explanation of the cover sheet which contains Ms. Pamela Watson's signature. It is also important to note that Ms. Watson is an employee of the Council, not the Parish Administration. Jefferson Community Health Care's agreement was with Jefferson Parish, not the Council. This negates the fact that Ms. Watson was in a position to approve the cooperative endeavor agreement on behalf of the Parish, because she was an employee of the Council, the legislative branch/governing authority of the Parish, not the Parish Administration, administrative branch, an entirely different branch of government.

Ms. Watson did not instruct Ms. Norman Baker via conversation or letter to send invoices to Carol Smith as alleged in the report. Additionally, it's written that Ms. Watson stated she was a "go between" person for Jefferson Parish and the Clinic. During a conversation with Mr. Brett McDugal of the Legislative Auditors office, Mr. McDugal asked Ms. Watson about her role on the Jefferson Community Health Care Center's board. She informed him that she was an Advisory member for Council/Board. She explained that if the board had questions, she would bring those to the Council. Mr. McDugal asked the question once/twice, and was given the same answer. Upon asking the question again, Mr. McDugal himself interjected the "clinic" into the equation by saying to Ms. Watson, (paraphrase) "so you were an Advisory person between the board, the council, and the clinic"? Ms. Watson inadvertently responded yes, not realizing that the word "clinic" had been included in the question. As an Advisory member for the Council, Ms. Watson did not sit in on executive sessions, did not make or recommend any action concerning the clinic, and did not vote on any matter concerning the clinic.

This matter is important because Jefferson Community Health Center's agreement is with Jefferson Parish Administration, the administrative branch not the Council, the legislative branch/governing authority of Jefferson Parish. This further negates the allegation that Ms. Watson was in a position to approve the cooperative endeavor agreement on behalf of Jefferson Parish because she was an employee of an entirely different branch of government.

Mt. Daryl G. Purpera
July 27, 2012
Page 4

Per your revised draft of the compliance audit report, you state that invoices bearing what are purportedly Ms. Watson's initials represented authorization for the Parish accounting department to pay the invoices. After reviewing the invoices submitted by Diversified Ventures, LLC, for service rendered by JCHCC, Ms. Watson categorically denies that the signatures are hers. Please see **Exhibit "E" and "F"** invoices containing what are allegedly Ms. Watson's initials. Additionally, other invoices allegedly containing Ms. Watson's signature differ from those that are on the medical services invoices, which in our opinion is highly suspect.

Ms. Watson was an employee of the Council, the legislative branch/governing authority of Jefferson Parish which is run by the Council Chairperson. See **Exhibit "G"**, Parish Council Org. Chart. As such, she did not have the authority to approve invoices, or oversee contracts which is the sole responsibility of the Parish Administration, the administrative branch of Jefferson Parish government, and a separate entity from the Parish Council. See **Exhibit "H"**, Jefferson Parish Administration Org. Chart.

As shown in **Exhibit "A"**, Resolution No. 104086, which was adopted the 31st of August, 2005, the Jefferson Parish Council (legislative branch/governing authority) during an emergency session in Baton Rouge, gave the Administration of the Jefferson Parish President (administrative body), authorization to execute any and all necessary contracts and related documents necessary to expedite the cleanup of the Parish and its municipalities, return and repair of public works and the safe return of residents; and to provide for other matters in connection therewith.

There are no written legal documents which can substantiate the allegations as written in this revised audit compliance report of JCHCC. As Council Aide, Ms. Watson **did not** have the authority to approve invoices for any agency or entity, including Jefferson Community Health Care Center (JCHCC) or Diversified Ventures, LLC on behalf of Jefferson Parish. Also, during discoveries with Board Members, and the Attorney for Jefferson Community Health Care Centers, it was brought to my attention that Carol Smith, CEO of JCHCC, and sister of Ms. Watson, was a Salaried Administrative employee of JCHCC, who did not perform any of the services associated with Diversified, nor did she possess any said interest in the entity which employs the individuals who performed the services for Diversified. Please see **Exhibit "I"**. These JCHCC invoices (which supposedly contain Ms. Watson's initials) do not contain the name of Carol Smith. Also note **Exhibit "J"**, invoices for concerned Home Care, shows that Administrative staff with this entity did not perform services, nor were they compensated for services rendered on behalf of Diversified Ventures, LLC.

Mr. Daryl G. Purpera
July 27, 2012
Page 5

It is important to note that Jefferson Community Health Care Center's agreement is with Jefferson Parish, and not the Council. This matter is important because Jefferson Community Health Center's agreement is with Jefferson Parish Administration, the administrative branch not the Council, the legislative branch/governing authority of Jefferson Parish. This further negates the fact that Ms. Watson was in a position to approve and oversee the cooperative endeavor agreement, or approve invoices on behalf of the Jefferson Parish because she was an employee of an entirely different branch of government.

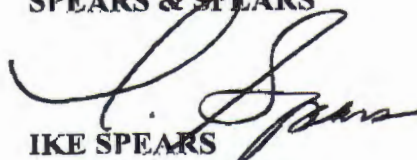
My client has provided key evidence that clearly disproves the allegations against her. Please advise me of what additional course of action is available to my client to ensure that this audit accurately reflects the facts concerning these false allegations against her.

Please feel free to give me a call should you have any questions or concerns.

With kind regards, I remain

Very truly yours,

SPEARS & SPEARS


IKE SPEARS

IS/clj

cc: Eric S. Sloan, CPA
Allen Brown, CPA, CFE

On motion of Mr. Capella, seconded Mr. Young, the following resolution was offered:

RESOLUTION NO. 104086

RESOLUTION NO. 4

AUTHORIZING THE ADMINISTRATION TO EXECUTE ANY & ALL NECESSARY CONTRACTS TO EXPEDITE THE CLEAN-UP OF THE PARISH AND ITS MUNICIPALITIES, RETURN & REPAIR OF PUBLIC WORKS AND THE SAFE RETURN OF RESIDENTS; AND TO PROVIDE FOR OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Hurricane Katrina has created a major disaster for the citizens of Jefferson Parish, Louisiana and,

WHEREAS, The President of the United States has authorized full federal support for the citizens of Jefferson Parish, Louisiana, and

WHEREAS, the Governor of the State of Louisiana has authorized full state support for the Citizens of Jefferson Parish, Louisiana, and

NOW, THEREFORE, BE IT RESOLVED by the Jefferson Parish Council, meeting in emergency session in Baton Rouge, Louisiana, at 222 St. Louis Street, this 31st day of August, 2005, that the Administration of the Jefferson Parish President is authorized to execute any and all necessary contracts and related documents deemed necessary to expedite the cleanup of the Parish and its municipalities, return and repair of public works, and the safe return of residents; and to provide for other matters in connection therewith.

The resolution being submitted to a vote, the vote thereon was as follows:

FOR:	7
AGAINST:	0
ABSTENTIONS:	0
ABSENT:	0

The resolution was declared to be adopted on this the 31st day of August, 2005 at Baton Rouge, Louisiana.


Ruby E. Noble, Acting Clerk

1

**EXHIBIT
"A"**

2012-07-23 10:23

PAMELA WATSON 5043095824 >> 5045237766

P 2/12

3-14

PARISH OF JEFFERSON
COVER FORM FOR ALL PARISH CONTRACTUAL AGREEMENTS
AND/OR AMENDMENTS

CONTRACTOR NAME: JEFFERSON COMMUNITY HEALTH CENTERS

CONTACT PERSON: _____

STREET ADDRESS: _____

CITY: _____ STATE: _____

ZIP CODE: _____ PHONE: _____

DEPARTMENT: Council Dist. #3

TYPE OF SERVICE

CONSULTANT

OTHER

CONSTRUCTION

SERVICES

(IF OTHER PLEASE SPECIFY)

AUTHORIZATION OF:

RESOLUTION NO.: 100083ADOPTED ON: 1-21-04

ORDINANCE NO.: _____

PROPOSAL NO.: _____

AMENDMENT TO CONTRACT: _____ YES _____ NO AMENDMENT # _____

PREVIOUS RESOLUTION/ORDINANCE NO. _____

AMOUNT OF THIS CONTRACT/AMENDMENT _____

TOTAL CONTRACT AMOUNT _____

DESCRIPTION OF SERVICES TO BE PROVIDED: Authorizing a
Cooperative Endeavor Agreement Between JP And The
Above For Said Non-Profit Entity To Provide Medical
Services Parishwide For The Medically Underserved Of Jeff. Par.

KEY WORDS: _____

APPROVED BY: _____

DEPARTMENT HEAD: [Signature]FINANCE DIRECTOR: [Signature]PARISH ATTORNEY: Peggy O. Barton 3/5/04

*ASSISTANT PARISH ATTORNEY

✓ Review as to form. Document complies with authorizing ordinance/resolution.

CHIEF OF STAFF OF COUNCIL: [Signature]

EXHIBIT
"B"

2004

COUNCIL CHAIRMAN CONTRACT LOG: Date

Received: JL B-3

Administrative Aide Job Duties

10. Duties, responsibilities, special qualifications, special equipment to be operated, etc.

Essential Functions

Answers constituents' questions, concerns, comments and complaints regarding Council activities; investigates complaints.

Consults with Council members to prepare and review Council meeting agenda.

Attends and participates in meetings of Council, civic associations, Parish employees, and a variety of other meetings regarding Parish functions.

Consults with Parish department directors as needed for Council administration.

Attends and participates in annual operating budget hearings; prepares budget for office on annual basis; assigns tasks and projects; monitors and reviews work; evaluates employee work performance; recommends salary increases, discipline/discharge, transfers and promotions; hires personnel; conducts staff meetings.

Drafts Council resolutions and assists drafting ordinances.

Prepares background information and researches issues for Council.

Drafts correspondence to constituents.

Prepares bulk mailings.

Coordinates functions with other Parish departments, state legislators and various agencies.

Non Essential Functions

Photocopies, faxes and types materials.

Reviews newspaper articles regarding Parish issues.

Schedules appointments.

Education

Bachelor's degree in Public Administration, Political Science or related field; supplemented by three (3) years' municipal government administrative experience, or an equivalent combination of education, training, and experience.

Knowledge Needed

Knowledge of laws, rules and regulations regarding all department and organizational operations.

Knowledge of personnel policies, supervision principles, budget development and administration principles, contract development and administration.

Skills Needed

Ability to communicate orally and in writing with a variety of individuals and organizations.

Abilities Needed

Ability to communicate orally and in writing with a variety of individuals and organizations.

Ability to mediate disputes and negotiate.

**EXHIBIT
"C"**



Jefferson Parish Louisiana

JEFFERSON PARISH COUNCIL
RESEARCH & BUDGET ANALYSIS STAFF

Alan M. Gandolfi
Director of Research

July 3, 2012

Jeremy D. Dwyer
Director of Legal Analysis

To whom it may concern:

I was requested by Ms. Pamela Jackson to give a brief explanation of the function of the cover sheets which are used in the routing of contracts by Jefferson Parish; and, in particular, the function of the cover sheet that was attached to the Cooperative Endeavor Agreement between Jefferson Parish and the Jefferson Community Health Center which was authorized by Jefferson Parish Council Resolution No. 100083, adopted on January 21, 2004.

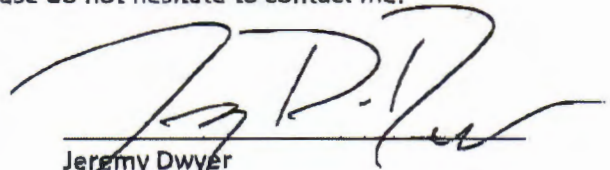
The cover sheet forms no part of the contract itself, serving merely as an administrative tool for tracking a contract through the various Jefferson Parish departments which must review and approve the terms of a contract before it is executed. The individuals who sign at the bottom of the cover sheet do so not as "sponsors" or originators of the document, but only to indicate that they have reviewed and approved the form of the contract.

The person signing in the "Department Head" blank represents the department which requested the contract, and signs to indicate departmental approval of the form of the contract. The contract then goes to the Finance and Legal Departments, in that order. The Finance Director signs the cover sheet in the appropriate space to indicate that the funding for the contract is proper, and the Parish Attorney signs the cover sheet in the appropriate space to indicate that the contract is in compliance with the ordinance or resolution which authorized the contract. After these signatures are obtained on the cover sheet, the contract is routed to the Chairman of the Jefferson Parish Council to sign on behalf of the Parish, and then is routed to the other contracting party for that party's signature.

In the case of the Community Health Center contract, there was no originating department. The Council as governing authority of the Parish, and not a Parish administrative department, approved the execution of the contract. Since the Community Health Center was physically located within the boundaries of Jefferson Parish Council District No. 3, it was appropriate for the Council member representing District 3 to sign the cover sheet in the "Department Head" space to initiate the routing of the contract. Ms. Pamela Jackson was serving as secretary to District 3 Councilman Byron Lee at the time she signed the cover sheet for the Community Health Center contract, and it was in that capacity that she was conveying Mr. Lee's approval of the contract for routing. Ms. Jackson would not have been authorized to sign the cover sheet in her own capacity. Her signature must be viewed as a proxy for Councilman Lee's approval of the contract for routing purposes.

EXHIBIT
"D"

If you need further information on this matter, please do not hesitate to contact me.

A handwritten signature in dark ink, appearing to read 'J. Dwyer', is written over a horizontal line.

Jeremy Dwyer
Director of Legal Analysis
Office of Research & Budget Analysis
Jefferson Parish Council

105-MED

V# 194577

COM #55-7587

EXHIBIT
"E"

PROVIDER WORKSHEET - 105-MED

	Employee	Position	Hours	Rate	Notes	Total
Monday						
10/3/2005						
Avondale Clinic	Janos Voros	Physician	5	\$ 250.00		\$ 1,250.00
	D. Curola	Physician	5	\$ 250.00		\$ 1,250.00
	Parrie Phillips	RN	9	\$ 110.00		\$ 990.00

\$ 1,490.00 Daily Subtotal

Tuesday						
10/4/2005						
Avondale Clinic	D. Curola	Physician	2	\$ 250.00		\$ 500.00
	Janos Voros	Physician	6	\$ 250.00		\$ 1,500.00
	Parrie Phillips	RN	9	\$ 110.00		\$ 990.00

\$ 2,990.00 Daily Subtotal

V# 194577 Cont # 55-7587

106-MED

	Employee	Position	Hours	Rate	Notes	Total
Monday						
10/10/2005						
Avondale Clinic	Janos Voros	Physician	5	\$ 250.00		\$ 1,250.00
	Jeremy Dumas	Physician	6	\$ 250.00		\$ 1,500.00
	Parrie Phillips	RN	9	\$ 110.00		\$ 990.00

\$ 3,740.00 Daily Subtotal

Tuesday						
10/11/2005						
Avondale Clinic	Jeremy Dumas	Physician	6.2	\$ 250.00		\$ 1,550.00
	Janos Voros	Physician	4	\$ 250.00		\$ 1,000.00
	Parrie Phillips	RN	9	\$ 110.00		\$ 990.00

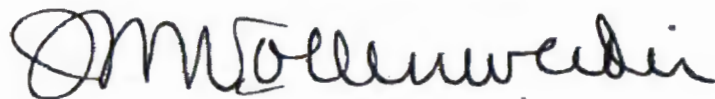
\$ -

\$ -

\$ 3,540.00 Daily Subtotal



1000-0080-7649.9
200515.001



B.57

EXHIBIT
"F"

Parish Council Organization Chart

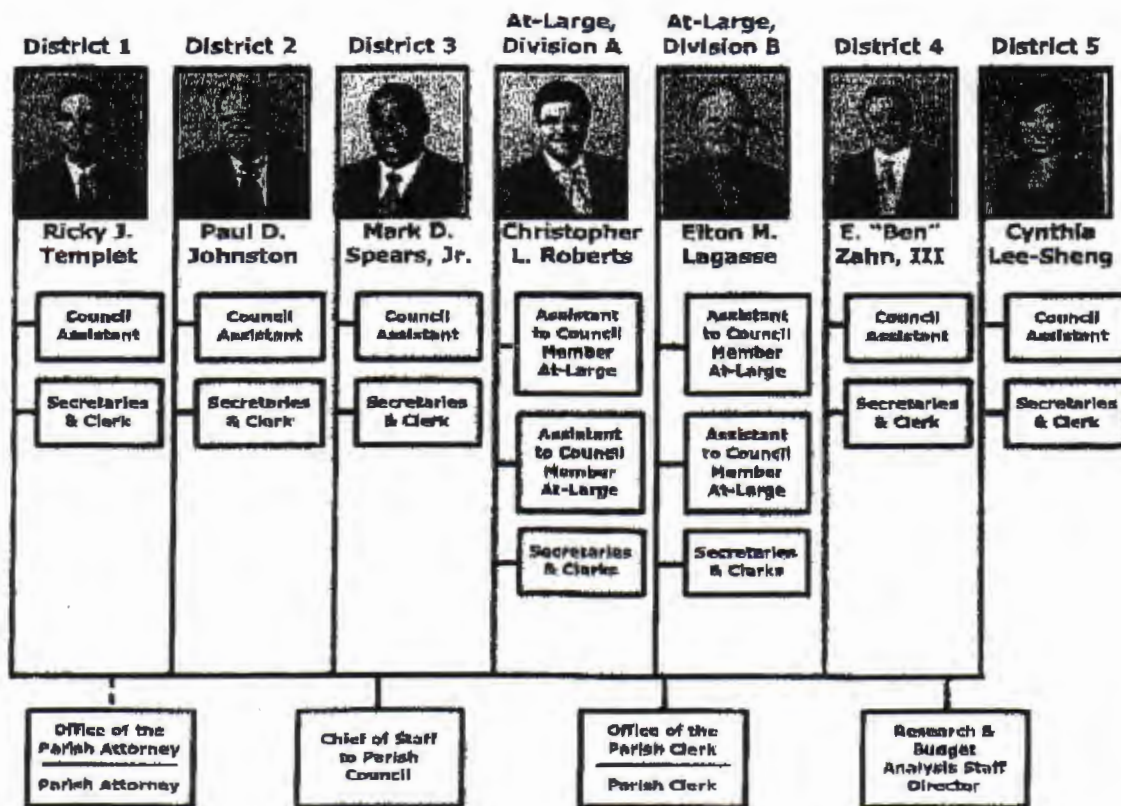
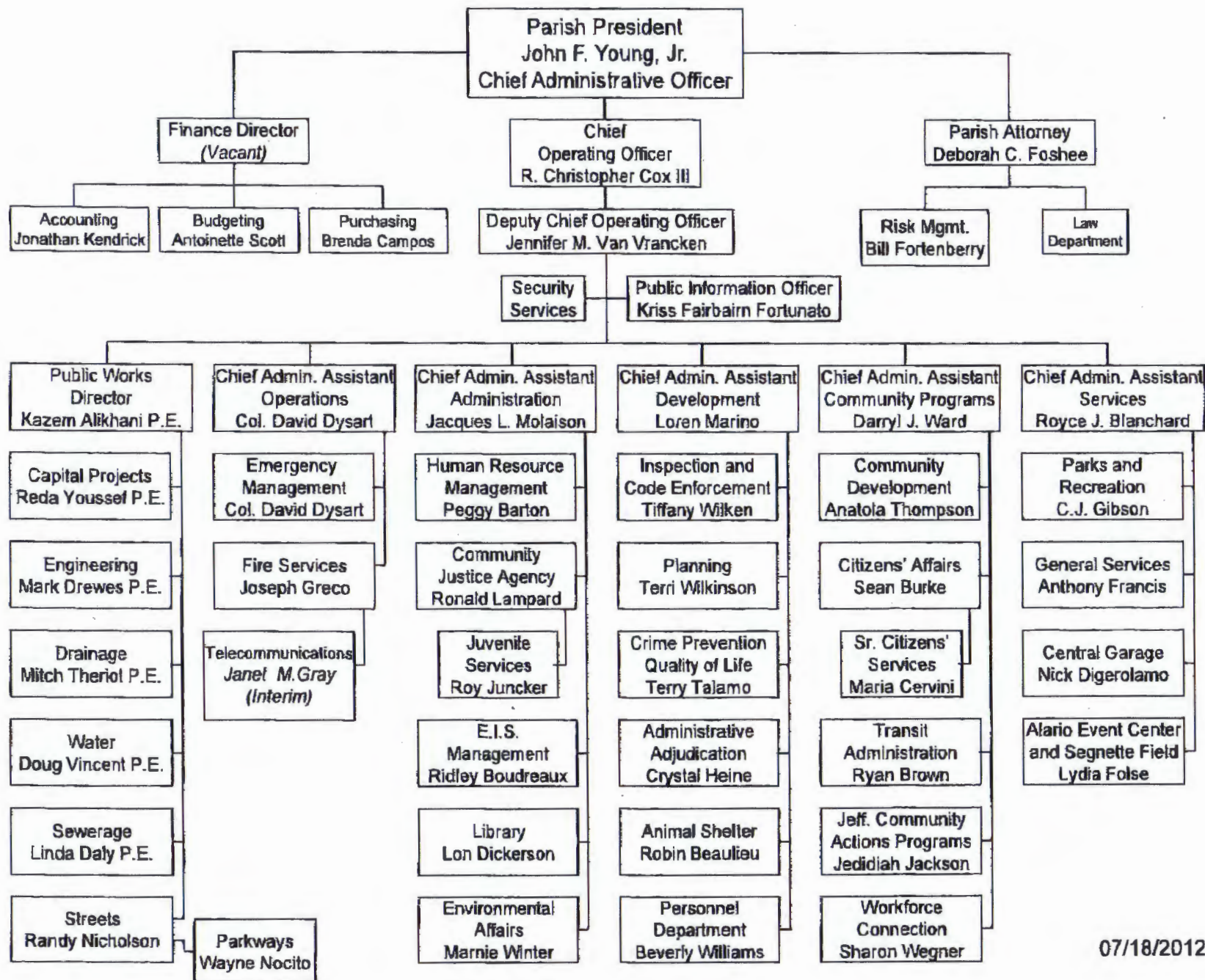


EXHIBIT
"G"



07/18/2012

105-MED

V# 194577

COM #55-7587

EXHIBIT
"1"

Employee Position Hours Rate Notes Total

Monday 10/3/2005						
Avondale Clinic	Janos Voros	Physician	5	\$	250.00	\$ 1,250.00
	D. Curolle	Physician	5	\$	250.00	\$ 1,250.00
	Parrie Phillips	RN	9	\$	110.00	\$ 990.00

\$ 3,490.00 Daily Subtotal

Tuesday 10/4/2005						
Avondale Clinic	D. Curolle	Physician	2	\$	250.00	\$ 500.00
	Janos Voros	Physician	6	\$	250.00	\$ 1,500.00
	Parrie Phillips	RN	9	\$	110.00	\$ 990.00

\$ 2,990.00 Daily Subtotal

[Handwritten signature]

V# 194577 Conv # 55-7587



106-MED

	Employee	Position	Hours	Rate	Notes	Total
Monday						
10/10/2005						
Avondale Clinic	Janos Voros	Physician	5	\$ 250.00		\$ 1,250.00
	Jeremy Dumas	Physician	6	\$ 250.00		\$ 1,500.00
	Parrie Phillips	RN	9	\$ 110.00		\$ 990.00
						\$ 3,740.00 Daily Subtotal
Tuesday						
10/11/2005						
Avondale Clinic	Jeremy Dumas	Physician	6.2	\$ 250.00		\$ 1,550.00
	Janos Voros	Physician	4	\$ 250.00		\$ 1,000.00
	Parrie Phillips	RN	9	\$ 110.00		\$ 990.00
						\$ -
						\$ -
						\$ 3,540.00 Daily Subtotal

1000-0080-7649.9

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Concerned Care Home Health
Operaiton Lifeline

EXHIBIT
"J"

Fema Billing 9/11-9/12 Week 2

Date of Care	CCHH Emp;	Position	Hours	Rate	Notes	Total
Sunday						
9/11/2005	Jim Bergeron	RN	13	\$ 110.00		\$ 1,430.00
	Mark Gagnaud	RN	12	\$ 110.00		\$ 1,320.00
	Norma Baker	Project Coordinator	14		No Rate	
	Jennifer Huges	Office Support	14		No Rate	
	Jenny King	RN	9.5	\$ 110.00		\$ 1,045.00
	Liz Ortiz	RN	9.5	\$ 110.00		\$ 1,045.00
	Gary Bergeron	Office Support	13		No Rate	
						\$ 4,840.00 Daily Sub Total
Monday						
9/12/2005	Rick Martin	Business Ops	13		No Rate	
	Jim Bergeron	RN	10	\$ 110.00		\$ 1,100.00
	Amery Creighton, M.D.	Physician	0	\$ 250.00		\$ -
	Liz Ortiz	RN	10	\$ 110.00		\$ 1,100.00
	Norma Baker	Project Manager	12.75		No Rate	
	Jennifer Huges	Office Support	12.75		No Rate	
	Mark Gagnaud	RN	11	\$ 110.00		\$ 1,210.00
	Somer Gagnaud	RN	11	\$ 110.00		\$ 1,210.00
	Sandy Hogan	RN	13	\$ 110.00		\$ 1,430.00
	Tommy Bond M.D.	Physician	10	\$ 250.00		\$ 2,500.00
	Jenny King	RN	6	\$ 110.00		\$ 660.00 FEMA Home Health
	Gary Bergeron	Office Support	10		No Rate	
	Maura Orgeron	RN	9.25	\$ 110.00		\$ 1,017.50
						\$ 10,227.50 Daily Sub Total
Tuesday						
9/13/2005	Jim Bergeron	RN	14	\$ 110.00		\$ 1,540.00
	Jody Martin	Administration	13		No Rate	
	Rick Martin	Business Ops	13		No Rate	
	Gary Bergeron	Office Support	12		No Rate	
	Erica Ramero	Office Support	12		No Rate	
	Mark Gagnaud	RN	12	\$ 110.00		\$ 1,320.00
	Norma Baker	Project Manager	14		No Rate	
	Jennifer Hughes	Office Support	14		No Rate	

Concerned Care Home Health, Inc.

805 E. Rutland St.
Covington, LA 70433
(985) 892-3947 (888) 698-2302
Fax (985) 892-3522

MAR 15 2006

FACSIMILE COVER PAGE

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Recipient Information:

Name of Recipient:

Nancy CAA

Organization/Department:

Telephone Number:

Fax Number:

364-2828**Sender Information:**

Name of Sender:

Norma Baker

Date:

3-16-06

Department:

Subject:

Operation life line extended report & research.

Number of Pages (including cover page):

2

Message:

Mrs. Nancy Lewis submit all supports documents to
with final report in about 4 wks. Call if any problem
Call- 504-508-8090.

NOTICE:

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If this communication has been received in error, the recipient should notify the sender at Concerned Care Home Health, (985) 892-3947.

**EXHIBIT
"K"**

PLassalle

From: nbaker1827@bellsouth.net
Sent: Monday, August 14, 2006 10:03 PM
To: PLassalle
Subject: Operation Life line



Diversified
ntures.doc (23 K)

Mrs. Patty please review the attachment for the first part of this project if any problems please call me.

This project was a result of OPERATION LIFE LINE DEPOT that was performed during Hurricane Katrina . This enabled us to reach out to the residents of Jefferson Parish to ensure that Health, Finicial , Food and Medication , and Housing issues where addressed. The Finial report will be completed at ends week. I am waiting for information from my associate . I am unable to supply names of residents due to HIPPA , yet we have a system in place to support the information which was given to us and will forward with finial report.

JPL

EXHIBIT
"L"

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
Post Office Box, 94397
Baton Rouge, Louisiana 70804-9397

To Whom It May Concern:

In response to the findings in the Jefferson Community Health Care Center's (JCHCC) Audit Report, I never received \$207,135 in addition to my salary. I am utterly appalled that the LA Auditor would claim that I admitted any of these wrong doings. I demand to see a written statement signed by me where I admitted to what's stated in this audit.

When I started working at JCHCC I was hired as Sr. Accountant. One of the tasks I was given was the reconciliation of the bank account. During that time I started noticing suspicious activities. There were checks that cleared the bank on a monthly basis and yet there was nothing in the system showing where these checks were written. Once I questioned Former CFO Rickey Vaughn and Former CEO Carol Smith, this task was no longer my responsibility it was done by Mr. Vaughn. After this and other similar issues, I worked hard to bring the appropriate checks in balance to the Accounting Department. I was promoted 4 times in my 2 year tenure. I left as Interim, CFO.

In 2009, I presented the idea to JCHCC to start another program providing patients Durable Medical Equipment (DME). This was presented to all Executive Staff and Board Members. JCHCC's lawyer at the time, stated that I could not be paid to work on this project by JCHCC. Carol Smith and that attorney decided that I would be paid under a For-Profit company that she personally set up. There was a bill from the attorney to JCHCC for a meeting with Mrs. Smith to discuss my payment for this project. A former employee of JCHCC contacted the LA Auditor because Mrs. Smith made her shred this bill. The Hartford was the company used to bond this DME project under the For-Profit company. I was told by Carol Smith that's why I was paid in the manner I was and the payments were listed under Hartford so they could keep track of the payments. I also want to note that my name was never on the bank account and I never had the authority to make any transactions. This too can be verified by the bank. The only person that had the authority to process any transactions through the bank was Mrs. Smith. The bank sent her a unique pin number for every transaction, She then had to enter the pin for any transaction to be completed. As far as the email that she sent questioning the amount of the

transactions with Hartford, we had a payment plan with the Hartford for unpaid benefits and I was responding to that unpaid benefit plan.

I was also told that there were 3 investors that were investing \$100K each into the start of this DME company and once the paperwork was completed the funds would replace any JCHCC funds used in this project. Therefore, anything regarding the DME company including the amount I was paid should have never been comingled with JCHCC funds. However, this company has a history of comingling funds and that can be referenced in the last LA Audit.

I worked outside of business hours for 9 months on this project and I was rightfully paid for my time on this project. I did not initiate the payment or set up the manner in which I was paid. I am not denying receiving additional funds outside my salary but the money I did receive was for work I did above and beyond my job. I never disguised the manner in which it was recorded, nor did I ever have the authority to do so and this is what I explained to Brent McDougal, the LA Auditor. I want to clarify the figures stated in this report are erroneous. I told Mr. McDougal that I received approximately \$123,127 which included both the work I did for the DME company and bonuses. That approximately \$84,008 was for work done for the DME company and the approx \$39,119 was for multiple bonuses. The \$84,008 was included in the \$123,127 not additional. This amount was paid over the duration of my working on this project. At no point would I ever agree to work as a volunteer on this project outside of my normal job duties.

Mr. McDougal stated he saw Board Meeting minutes that included the discussion of the For-profit business and also included the discussion of the terms of my payments but no amount was stated. I also told him that all the documentation was there prior to Mrs. Smith pulling me to the side and saying that she heard I worked for the LA Auditor and her belief was that I placed there to be in informant.

I would like to note that I was the one that reported to the Executive Staff on numerous occasions how the initial software was being improperly used. I was also the one that made the recommendation that the company needed better software so that numbers could not be deleted and changed. I did the research and found the software that is currently being used. The new software eliminated the ability to manipulate the system. I suggested they hire a CPA either internally or externally to evaluate the figures on a regular basis.

Although I had the title of CFO, I never had CFO access to anything. After the last audit report was released, they gave me the title because they did not want to hire another person that would come in and see the condition of the records. Full access to accounts and other information that a CFO would have was issued to a consultant named Randolph Fischer. Under the supervision of Randolph Fischer and the other Executive Staff, servers were destroyed, papers were shredded, altered, and manipulated, old computers had the hard drives removed and were sold. Every employee that witnessed this take place was terminated. On several occasions the IT Manager would pull members of the Accounting Staff in the Server Room to show

them that our computers were being remotely accessed, under our user name from remote locations. Therefore, considering the amount of information that was permanently destroyed, manipulated and the fact that users other than the user who was authorized to use the computer could remotely work as that user, I don't see how anything can be stated with 100% accuracy.

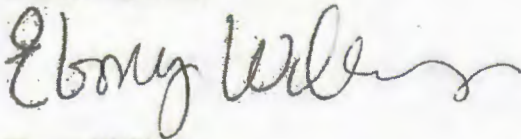
I would like to state that the limited access I was given did not change during my entire tenure. If I had the ability to pay myself, why didn't I do it earlier on and when the payments I was supposed to receive stopped why wouldn't I continue to pay myself.

Once the last audit report was released, all the funding sources asked to come in and audit JCHCC's records. They withheld their funds until they were able to come in and check documentation. After stalling the funding sources for months, I was approached by Randolph Fischer. He asked me to change the numbers in the system to match the reports JCHCC gave the funding sources. Once I told him the documentation did not match what JCHCC submitted to the different funding sources, Randolph Fischer then threatened me. I was told that if I did not change the numbers to match the reports JCHCC issued I would lose my job. When I refused to do these unethical acts, I was terminated. Current staff members along with members of Mr. Randolph Fischer's consulting company changed the numbers. I was a single mother that made the choice to lose my livelihood and my home rather than do something unethical or illegal. There lies my credibility.

Since I was the person that came in and tried to improve the unethical practices that were going on long before I was employed, I should not be surprised that this company with such strong political ties and nepotism on every level can make documentation regarding the amount I was paid and the manner in which I should have been paid just disappear like all the other documentation.

As far as my getting paid my vacation upon me leaving, my job title did not accrue vacation. The vacation hours were given on January 1st and replenished each calendar year. There was a policy that verified that fact. Im not surprised the policy was not found my suggestion would be" check the shredder".

In best regards,



Ebony Williams

4/21/12