



INVESTIGATION INTO HIRING AND CONDUCT OF FORMER TARC EXECUTIVE DIRECTOR

This investigative report provides a detailed analysis of the hiring of Ferdinand Risco and his conduct while employed at TARC.

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Investigation
initiated by the
Louisville Metro
Council.

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I. OVERVIEW AND INITIATION OF INVESTIGATION

On February 20, 2020, the Louisville Metro Council through the Government Oversight and Audit Committee (GOAC) adopted emergency Resolution 021, Series 2020, initiating an investigation into allegations of sexual harassment and other misconduct by former TARC Executive Director, Ferdinand Risco. This resolution was approved by Mayor Greg Fischer and Metro Council President David James on March 3, 2020.¹

The resolution provided that the scope of the investigation would include:

- Working with the GOAC, Counsel for GOAC/Louisville Metro Council, and its designated investigator.
- Exploring the hiring policies and practices of TARC (including but not limited to the Board of Directors for TARC), and Louisville Metro Government, by identifying current hiring policies and practices and analyzing them in conjunction with the allegations in this case.
- Identifying any errors or omissions in the process and decision leading to the appointment of Director Ferdinand Risco Jr. as the Executive Director of TARC.
- Identifying all relevant documents, policies, cultures, customs, processes, and practices which were in place at Louisville Metro Government or TARC and bore on the outcome of the processes and decisions leading to the appointment of Director Ferdinand Risco Jr. as the Executive Director of TARC.
- Identifying and Investigating any allegations of sexual harassment or other misconduct (including but not limited to financial mismanagement) occurring at TARC during Director Ferdinand Risco Jr.'s tenure as the Executive Director of TARC, or still occurring. For purposes of explanation, and not limitation, it is presently contemplated that investigative actions shall include Identifying and interviewing all persons while protecting and preserving victim's rights, privacy, and anonymity (unless otherwise required by statute or law) and/or bodies who either:
 - made allegations against former Director Ferdinand Risco Jr. as the Executive Director of TARC,
 - made allegations of ongoing misconduct at TARC,

¹ See Exhibit 1.

- were presented with allegations of sexual harassment or misconduct occurring at TARC during former Director Ferdinand Risco Jr.'s tenure as the Executive Director of TARC,
- are believed to possess information relevant to any of the foregoing allegations, or information which may reasonably lead to information relevant to any of the foregoing allegations, or
- were materially involved in the process and decision leading to the appointment of Director Ferdinand Risco Jr. as the Executive Director of TARC.

By emergency Resolution 022, Series 2020, dated March 3, 2020, Louisville Metro Council, resolved to retain the professional services of David Beyer to assist the GOAC with the investigation adopted in Resolution 21, Series 2020.²

II. SEPARATE TARC INVESTIGATION AND REPORT

On or about January 24, 2020, TARC Board Chairperson Mary Morrow, was notified of improprieties involving the TARC Executive Director Ferdinand Risco. Soon thereafter, the law firm of Dinsmore & Shohl, LLP, was retained by the Mayor's office to conduct an investigation into the alleged improprieties. Sometime later, representation was shifted to TARC rather than the Mayor's office. On September 8, 2020, the Transit Authority of River City (TARC), issued a report captioned "Internal Investigation into Ferdinand Risco," hereinafter "TARC Report."

III. EXECUTIVE SUMMARY

A. OVERVIEW:

In late 2016, TARC undertook a nationwide search to identify a candidate for the position of Assistant Executive Director to replace Alyce French Johnson who had announced her retirement. An advertisement was placed in the American Public Transportation Association Journal which was an industry trade journal. In addition, then Executive Director Barry Barker (hereinafter Barker) made inquiries with vendors and other Executive Directors from transportation agencies asking if they knew of anyone who would be a suitable candidate for the position of Executive Assistant Director.

² See Exhibit 2

Ultimately, the search produced 19 candidates. From this list of 19, three candidates were interviewed by a panel consisting of Barker, Deputy Mayor Ellen Hessen, and Board Chair Cedric Powell and Witness 25. As part of the interview process, it was Barker's desire to select someone who could be his successor.³ At the conclusion of the interviews, it was determined that Ferdinand Risco, hereinafter Risco, was the best candidate. An offer was made to Risco which he accepted. He began working for TARC in February 2017.

Thereafter, Risco embarked on a pattern of behavior that can best be described as that of a sexual predator. This behavior resulted in untold emotional trauma to his many victims—both employees at TARC and an outside contractor. It also resulted in a significant financial toll to TARC—funds that could have been better used to support the operations of TARC and, thereby, benefit the many low-income, elderly and disabled TARC consumers dependent on TARC for transportation.

Risco also expended financial resources many times that of his predecessor. He traveled extensively and lavishly on TARC funds—again, funds that could have been better utilized to assist TARC's consumers or provide raises to the many dedicated TARC employees.

Risco also entered into questionable contracts with friends and acquaintances. He entered into contracts for work that could have been handled by on-board TARC employees. He ultimately was allowed to resign on February 11, 2020, after one of his victims notified the Board Chair about his behavior.

Unfortunately, at no time during the initial hiring process was a formal background investigation conducted by anyone involved in the hiring process. Had a thorough background investigation been conducted, it is quite likely that sufficient negative information would have been developed to prevent this calamity from ever occurring.⁴

As part of this investigation an electronic search of federal court cases was conducted. This search revealed a case had been filed in 2014 against Risco's former employer, MARTA, in which Risco was identified as inappropriately terminating a long-time employee who had received "exceptional" and "outstanding" performance appraisals prior to Risco becoming her

³ Barker stated that Alyce French Johnson had been the heir apparent prior to her announcing her retirement.

⁴ Ironically, a background investigation was conducted by TARC when Barry Barker was hired in 1994. At that time the background report was provided to Margaret Handmaker (who was later appointed as part of the Interim Executive Team at TARC after Risco left). Barker proved to be an excellent leader of TARC during his 24 years at TARC. *See* Exhibit 3.

supervisor.⁵ The facts of this case are like Risco's behavior at TARC of targeting long-term employees whom he didn't like or who would not capitulate to his sexual overtures.

Eight MARTA employees who knew or worked with Risco were interviewed. Many recounted troubling behavior by Risco exceedingly similar to that reported by TARC victims.

MARTA's General Counsel, Elizabeth O'Neill, was contacted. She reported that sometime around 2014 – 2015 there were complaints made by MARTA employees concerning executives in MARTA's Human Resources Department (HR) including Risco. Risco was the Director of Diversity and Equal Opportunity at the time which was part of HR. One of O'Neill's Staff attorneys handled the matter. Employees in HR were interviewed about the management style of HR executives. The complaints alleged micromanagement, abrasive and tyrannical behavior—again, very similar to complaints voiced by many TARC employees. At the conclusion of the review, MARTA contracted with an outside firm to provide coaching and team building to the management team which included Risco.

The information provided by the MARTA General Counsel and other MARTA employees was obtained without a subpoena and by simply placing telephone calls to MARTA—basic background investigative work. Had a thorough background investigation been conducted, the above information could have been obtained prior to hiring Risco and, thereby, preventing this entire calamitous matter.

Moreover, there was no background check conducted or climate survey conducted prior to his promotion to Executive Director—which would likely have uncovered negative information about him.

In addition to the lack of any background investigation, there was little substantive oversight of Risco during his tenure. By statute, the TARC board has responsibility to manage, control, and conduct the business affairs of TARC.⁶ Although the TARC Board is composed of many very talented people with prestigious backgrounds, the information developed from interviews coupled with the Board minutes demonstrates a lack of sufficient oversight which could have prevented or greatly reduced Risco's adverse impact on TARC.

Even though change of Board members was cited as reason for lack of oversight in the TARC Report, there remained incumbent members with lengthy tenure and experience who

⁵ U.S. District Court, Northern District of Georgia, Atlanta Division, case 1:14-cv-03667-LMM.

⁶ KRS 96A.040

could have and should have asked probing oversight and accountability questions.⁷ Furthermore, the board chair who served for 15 years was on the board during at 9 months of Risco tenure as Executive Director.

Moreover, TARC lacks a uniform training program for new employees and new board members. Numerous employees stated they received little, if any, onboard training about TARC policies, procedures, sexual harassment, or equal employment opportunity matters (EEO). The employee handbook provided out of date information about who to contact. Board members also stated they did not receive any onboard training or sexual harassment/EEO training.

Risco dismantled the training department when he became Executive Director. There is no record in the board minutes that the board knew of or approved of this significant organizational change. An organization the size of TARC should have a robust training program that includes comprehensive on-board training with continued training throughout an employee's career.

In particular, sexual harassment and EEO training should be an essential part of on-board and ongoing training. Risco's behavior and that of others on the management team demonstrates that such training is critically needed at TARC.

Risco's victims felt helpless and unable to report Risco's behavior to the Board or anyone else. Although TARC established a tip line after their investigation into Risco's behavior, it is concerning that employees felt uncomfortable notifying the board. A collegial relationship between a board and the Executive Director is important, but it should not so familiar as to suggest to employees (especially management level) that they cannot trust the board if inappropriate behavior needs to be reported.

Additionally, members of the TARC senior leadership team were aware of some Risco's troubling behavior—both the sexual harassment and financial improprieties—but did nothing with the information. Employees in the senior leadership team should not stand idly by watching inappropriate behavior. They should demonstrate leadership skills and take the initiative to report inappropriate or concerning behavior within the organization. Again, this should not only be written in policy, but sufficient training provided to ensure everyone on the leadership team understands their role to include reporting violations of policy or other significant inappropriate behavior.

⁷ TARC Report p. 40.

Finally, State law subjects TARC to annual audit requirements.⁸ Specifically, TARC is required to “employ a certified public accountant, or firm thereof, to make an annual audit of [TARC]’s financial accounts and affairs, and to make a report thereof, including comments of the auditor regarding whether or not the authority is in compliance with statutory requirements and with lawful covenants and commitments made in its contract or bond proceedings.”

The TARC website does include copies of the financial audits which have been submitted to Louisville Metro Government and appear in the Louisville Office of Management and Budget Annual Audit.⁹ However, the audits, except for the 2020 audit, do not appear to have included a comprehensive review of internal controls which may have helped alert the board to potential financial improprieties.¹⁰ These shortcomings will be discussed in further detail in the body of this report.

B. SIGNIFICANT FINDINGS:

- **Overall, systemic failure of oversight and accountability from the initial hiring to day Risco was asked to leave—from the Mayor’s office to the Board. As a result of this failure:**
 - **Significant numbers of TARC employees were victimized**
 - **TARC incurred substantial financial losses**
 - **TARC’S reputation as well as Metro Louisville’s was irreparably tarnished**
- No formal background investigation was conducted before Risco was hired.
- No one at Risco’s former employer (MARTA) was contacted before Risco was hired.
- A pre-employment background could have disclosed negative information that likely would have disqualified Risco for his initial position at TARC.

⁸ KRS 96A.190

⁹ The Single Audit (also known as the Office of Management and Budget (OMB) A-133 audit) is a rigorous, organization-wide audit of governments and agencies such as Louisville Metro Government that receive and spend more than \$500,000 of federal funds. The Single Audit’s objective is to ensure that these funds are managed and spent properly. Each year the city prepares a Comprehensive Annual Financial Report (CAFR). This report includes the audited financial statements for Louisville Metro Government and its departments and agencies for the fiscal year ending June 30th. <https://louisvilleky.gov/government/management-budget/single-audit>

¹⁰ The audits for the years 2016 through 2019 contain the same boilerplate language concerning the internal controls; the 2020 audit which was prepared after the revelations about Risco were made public and referenced as part of the TARC report does identify internal control issues.

- No climate survey or internal inquiry of Risco was conducted prior to appointing him Executive Director.
- Concerns voiced by TARC union officials and employees were largely ignored or dismissed prior to Risco’s promotion to Executive Director—a thorough vetting of these concerns may have given pause to promoting Risco to permanent Executive Director.
- Lack of board oversight and accountability contributed to the damage caused by Risco; the board was put on notice of internal controls issues in August 2018.¹¹
- TARC Senior Leadership failed in showing leadership in not reporting concerns or Risco’s inappropriate behavior.
- TARC lacks sufficient training throughout the organization on basic policies and procedures including sexual harassment and equal employment opportunity (EEO) matters.
- TARC entered into numerous questionable contracts during Risco’s tenure.
- Risco’s behavior fostered a culture of sexual harassment and inappropriate racial comments.
- TARC’s audits do not appear to comprehensively examine TARC’s internal controls.
- Metro Government lacks a comprehensive policy on hiring protocols for hiring executive level personnel.
- Overall Employees did not have a safe place to go to report their concerns.

Each of these findings will be discussed in detail in the body of this report.

IV. LEGAL ANALYSIS AND TARC STANDING

A. OVERVIEW

The Transit Authority of River City (TARC) is a statutory entity, organized pursuant to Kentucky Revised Statutes (KRS) Chapter 96A, to promote and develop mass transportation in the Jefferson County/Louisville Metro area and adjoining areas. TARC was originally established by the Louisville-Jefferson County Cooperative Compact, before merger, and continues in the merged Jefferson County/Louisville Metro Government.

¹¹ August 21, 2018, Board Meeting Minutes, *see* Exhibit 4.

State law characterizes TARC as an “agency and instrumentality” of Louisville Metro Government.¹² State law also characterizes TARC as a “political subdivision and public body corporate” with the “general... powers of a private corporation.”¹³ Louisville Mayor Greg Fischer has characterized TARC as a “related agency” and a “public-sector partner” to the City of Louisville.¹⁴

B. TARC LEADERSHIP: TARC’S BOARD AND EXECUTIVE DIRECTOR

The Mayor is charged with appointing members to the TARC Board¹⁵ and appointing TARC’s Executive Director.¹⁶ With respect to the Mayor’s appointments to the TARC Board, state law plainly directs that the appointments are subject to the approval of the Louisville Metro Council.¹⁷ With respect to the Mayor’s appointment of the TARC Executive Director, state law does not state that the appointments are subject to the approval of the Louisville Metro Council. Rather, KRS 96A.070(9) states that “an Executive Director... shall be appointed by and shall serve at the pleasure of, the mayor.” The same language appears in Louisville Metro Code § 32.720(B).

Historically, the Mayor has appointed TARC Executive Directors without Metro Council’s approval. For example, there is no record of Metro Council approving the appointment of former TARC Executive Director Ferdinand Risco¹⁸ or current TARC Executive Director Carrie Butler.¹⁹ As such, KRS 96A.070(9) and Louisville Metro Code § 32.720(B) appear to have been interpreted by the Office of the Mayor as providing the Mayor with exclusive approval authority of TARC’s Executive Directors.

¹² KRS 96A.020(1)

¹³ *Id.*

¹⁴ See Mayor Greg Fischer’s Approved Executive Budget for 2020-2021.

¹⁵ KRS 96A.040(6), KRS 67C.139(2)

¹⁶ KRS 96A.070(9); Louisville Metro Code § 32.720

¹⁷ KRS 96A.040(6), KRS 67C.139(2)

¹⁸ A Louisville Metro Archive Search for “Risco” conducted on 2/17/21 revealed no relevant hits.

<http://louisville.granicus.com/ViewSearchResults.php?view_id=2&types%5BClip%5D=on&types%5BAgendaItem%5D=on&types%5BNote%5D=on&types%5BVote%2CMotion%5D=on&types%5BCaption%5D=on&allwords=risco>

¹⁹ A Louisville Metro Archive Search for “Carrie Butler” conducted on 2/17/21 revealed no relevant hits.

<http://louisville.granicus.com/ViewSearchResults.php?view_id=2&types%5BClip%5D=on&types%5BAgendaItem%5D=on&types%5BNote%5D=on&types%5BVote%2CMotion%5D=on&types%5BCaption%5D=on&allwords=risco>

TARC’s Board is provided with statutory authority to “manage, control, and conduct...” the “business, activities, and affairs...” of TARC.”²⁰ The TARC Board holds the statutory authority to engage TARC employees and fix their pay.²¹ However, according to TARC Bylaws Article VII, Section 7, the TARC Board has delegated to the TARC Executive Director the authority to “employ, discharge, and direct all officers and employees [of TARC].”

Pursuant to State law, the salaries, wages, and other compensation of TARC employees are the obligations of TARC, payable from TARC’s revenues, but are not considered obligations of Louisville Metro.²²

C. TARC FUNDING

A majority of TARC’s funding (nearly 60 percent)²³ comes from the local Transit Tax, which is an occupational tax on businesses operating in Louisville Metro.²⁴ Those occupational tax revenues are deposited into the Mass Transit Trust Fund and remitted to TARC.²⁵ The Transit Tax and Mass Transit Fund are administered by the City of Louisville. These revenues meet the definition of “Public Funds” found in Louisville Metro Code § 10.06(B).²⁶ Annually, the Louisville Metro Council votes to “approve or disapprove” TARC’s budget, for the release of these funds.²⁷ Presumably, if the Louisville Metro Council found certain aspects of TARC’s budget to be unsatisfactory, the Council could require TARC to take certain corrective actions before approving TARC’s budget.

In addition to the local Transit Tax funds, TARC reports that it receives “nearly 19 percent of its funding from the federal government, and 15 percent from farebox collection and passes.”²⁸ TARC states that “[t]he remainder comes from a combination of Kentucky and Indiana state funding, special fares, advertising revenue and additional minor funding sources.”²⁹ The Louisville Metro Council has, on occasion, appropriated capital infrastructure funds towards

²⁰ KRS 96A.040

²¹ KRS 96A.070(6)

²² KRS 96A.070(6)

²³ <https://www.ridetarc.org/aboutus/budget/>

²⁴ Lou. Metro Am. Ord. No. 110-2008

²⁵ KRS 96A.350; Louisville Metro Code § 110.02(C)

²⁶ Sums actually received in cash or negotiable instruments from all sources... for the benefit of any...authority....”

²⁷ KRS 96A.360

²⁸ <https://www.ridetarc.org/aboutus/budget/>

²⁹ *Id.*

TARC-related projects.³⁰ Likewise, Louisville Metro Government has, on occasion, managed infrastructure projects for the benefit of TARC. For example, in 2020, the Department of Public Works and the Office of Management and Budget contracted for TARC Bus Stop improvements throughout Louisville Metro.³¹ The project was in conjunction with a federal aid grant.³²

D. TARC PROCUREMENT POLICIES AND CODE OF CONDUCT

The TARC Board sets TARC's procurement policies and code of conduct for its officers and employees.³³ TARC does not appear to be bound to follow Louisville Metro procurement policies, as explained below. State law states that TARC may voluntarily adopt the Kentucky Model Procurement Code but is not required to do so.³⁴ TARC states that it is subject to procurement "requirements under state and federal law."³⁵ Copies of TARC's procurement policies do not appear to be made publicly available online but were made available to this investigator.

1. Louisville Metro Procurement Policies

Louisville Jefferson County Metro Government, by and through the Office of Management & Budget (OMB), promulgates a Procurement Policy & Manual which guides "departments" of Metro Government. The phrase "departments" is not defined in the Procurement Policy & Manual and, as such, it is unclear whether or not the OMB considered TARC to be a "department" at the time the Procurement Policy & Manual was established. However, given that KRS 96A.040 states that TARC's "business, activities, and affairs... [are] managed, controlled, and conducted" by TARC's Board, it can be inferred that the OMB would not "manage or control" the "business, activities, and affairs" of TARC. As such, it would appear contrary to KRS 96A.040 to classify TARC as a "department" within the context of the OMB's Procurement Policy & Manual.

³⁰ See e.g., Louisville Metro Council Resolution CIF101619PW21C, "Appropriating \$50,000 from District 21 Capital Infrastructure Funds to Public works to Install a New Sidewalk on the South Side of West Kenwood Drive using TARC 50/50 matching funds."

³¹ <https://louisvilleky.bonfirehub.com/opportunities/25509>

³² *Id.*

³³ See e.g. *The Transit Authority of River City's Internal Investigation into Ferdinand Risco*, pp. 10, 11, Ex D.

³⁴ KRS 45A.343(1)

³⁵ *Id.* at 12.

Louisville Metro Code of Ordinances §20.20 promulgates certain record keeping and audit requirements for City Government. However, §20.20(F) states that “this section shall not apply to appropriations of public funds by external agencies authorized by the Kentucky revised Statutes.” The phrase “external agencies” is not defined in the Louisville Metro Code. However, in certain key respects TARC does appear to meet the definition, given that it is an agency of the City of Louisville, authorized by statute, with a level of autonomy that other City agencies do not enjoy. As such, it would appear that TARC is not bound to the record keeping and audit requirements set forth in the Louisville Metro Code of Ordinances, per §20.20(F).

These conclusions appear to be consistent with the practices of the OMB, who do not appear to engage in any management of TARC procurement matters. For example, a search of the City of Louisville Procurement Portal³⁶ showed no open public procurement opportunities or past public procurement opportunities where “TARC” or “Transit Authority of River City” was listed as a “Department.”

2. Commonwealth of Kentucky Model Procurement Code

As stated above, the provisions of the KMPC only apply to a local governmental agency if the agency in question chooses to adopt them.³⁷ Therefore, TARC is not required to follow the Kentucky Model Procurement Code. However, the TARC report states TARC has adopted a “Procurement Policy in keeping with its requirements under state... law.”³⁸

3. Federal Procurement Laws and Regulations

TARC reports that nearly 19 percent of its funding comes from Federal sources.³⁹ To that extent, TARC must comply with applicable Federal laws and regulations, including, but not limited to: Federal Transit Law at Title 49, United States Code, Chapter 53; FTA regulations

³⁶ <https://louisvilleky.bonfirehub.com/portal/?tab=pastOpportunities>
<https://louisvilleky.bonfirehub.com/portal/?tab=openOpportunities>

³⁷ KRS 45A.343(1)

³⁸ p.12

³⁹ <https://www.ridetarc.org/aboutus/budget/>

contained in the Code of Federal Regulations at 49 C.F.R. Parts 601-699; U.S. DOT regulations contained in the Code of Federal Regulations at 49 C.F.R. parts 1-99.

E. TARC IS SUBJECT TO STATE AUDIT REQUIREMENTS

State law subjects TARC to annual audit requirements.⁴⁰ Specifically, TARC is required to “employ a certified public accountant, or firm thereof, to make an annual audit of [TARC]’s financial accounts and affairs, and to make a report thereof, including comments of the auditor regarding whether or not the authority is in compliance with statutory requirements and with lawful covenants and commitments made in its contract or bond proceedings.” A copy of the audit report is to be filed and kept open for public inspection. The audit must be in compliance with standards set forth in State law.⁴¹ Specifically, “The audit... shall conform to:

1. Generally accepted governmental auditing or attestation standards, which means those standards for audits or attestations of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States.⁴²
2. Generally accepted auditing or attestation standards, which means those standards for all audits or attestations promulgated by the American Institute of Certified Public Accountants.
3. Additional procedures and reporting requirements as may be required by the Auditor of Public Accounts.”

F. TARC LEADERSHIP APPEARS TO BE BOUND BY THE LOUISVILLE METRO ETHICS CODE

Chapter 21 of the Louisville Metro Code of Ordinances promulgates an Ethics Code that applies to “Metro Officers.” In relevant part, the term “Metro Officer” is defined as “any person appointed as... Agency Director... or any person nominated or appointed by the Metro Mayor or the Metro Council to a Metro Agency who has regulatory authority or has independent authority to expend public funds.” The term “Metro Agency” is not defined in the Louisville Metro Code of Ordinances.

⁴⁰ KRS 96A.190

⁴¹ KRS 96A.190

⁴² KRS 65A.030(d)

As applied to TARC, it would appear that TARC’s Board and Executive Director are subject to the Louisville Metro Ethics Code. TARC Board Members and the TARC Executive Director are “nominated or appointed by the Metro Mayor or the Metro Council to a Metro Agency who has regulatory authority or has independent authority to expend public funds.” While the Metro Code of Ordinances does not define “Metro Agency,” KRS 96A.020(1) does plainly state that TARC is an “agency and instrumentality” of Louisville Metro Government.

G. TARC IS BOUND BY THE OPEN RECORDS ACT

The Kentucky Open Records Act applies to “Public Agencies” which is a term that is defined to include “[e]very state or local government board, commission, and authority.”⁴³ As a KRS 96A “transit authority” (emphasis added), TARC meets the definition of a Public Agency, for the purposes of the Open Records Act. This interpretation is consistent with prior treatment by the Kentucky Attorney General.⁴⁴ TARC’s Open Records Policy is published on its website.⁴⁵

H. METRO COUNCIL: SCOPE OF INVESTIGATIVE AUTHORITY; SUBPOENA POWER

The Louisville Metro Council’s Government Oversight and Audit Committee (“GOAC”) has the power to issue subpoenas to compel any officer of TARC or member of the TARC Board to appear before the GOAC and to compel the submission of any work papers or documents that are pertinent to the TARC investigation. KRS 67C.103(13)(f) & (14).

KRS 67C.103 does not state whether subpoenas may be issued to former officers or Board Members. However, the Kentucky Supreme Court recently considered a similar question in the case of *Lassiter v. Landrum*, 2018-SC-0657-DG. It found that the Kentucky Secretary of the Finance and Administration Cabinet was authorized to subpoena former employee, Frank Lassiter, who was the former Executive Director of the Office of Administrative Technology Services within the Kentucky Cabinet for Health and Family Services. The Kentucky Supreme Court found that it would be “absurd” to hold that a former employee could not be made subject to a governmental subpoena. The Court found that the statute should not be interpreted to allow

⁴³ KRS 61.805(2)(a)

⁴⁴ See. e.g., ORD-125

⁴⁵ <https://www.ridetarc.org/wp-content/uploads/2020/11/External-Open-Records-Request-Policy-2020-2.pdf93->

a situation where an employee was allowed to “embezzle from the Treasury on Monday, resign on Tuesday, and claim to be immune from questioning on Wednesday” simply because he or she is no longer a state employee. The Court found that such a result was not only absurd, but it would also severely handicap the Secretary's abilities to fulfill his duties as the protector and overseer of the Commonwealth's financial well-being. While this case did not consider subpoenas issued under LRS 67C.103(14), and for that reason is not binding authority, the case may serve as persuasive authority on the question of statutory interpretation under KRS 67C.103(14).

KRS 67C.103(13) grants the Louisville Metro Council the authority to “Enact ordinances... Review the budgets of and appropriate money to the consolidated local government; and... Adopt a budget ordinance...” As pertains to TARC, the only ordinances that have been enacted by the Louisville Metro Council, relative to TARC, are those ordinances which established TARC and pertain to the appointment of the TARC Board and Executive Director.

V. ADMINISTRATIVE NOTE:

TARC Interim General Counsel participated in all the interviews of current employees; all former employees who were interviewed stated they would not feel comfortable having the Interim General Counsel participate in their interview; several also stated that they believed his participation in the current employee’s interviews would have a chilling effect on those employees completely confiding with the interviewer. It is unknown whether this actually did impact the witnesses from being completely candid, but the concerns voiced by former employees gives insight into the distrust they had for the TARC leadership.

Sometime after TARC’s Interim General Counsel’s departure from the TARC, telephone calls were made to the new permanent TARC General Counsel requesting additional information to assist with this investigation. No reply was received from the new General Counsel. Instead, the former Interim General Counsel advised that requests for any information should continue to be made to him or TARC’s outside counsel but not to contact the new General Counsel because they were trying to “insulate him” from the Risco matter⁴⁶

⁴⁶ Telephone call from former TARC Interim Counsel on January 19, 2021, followed by and email of January 20, 2021.

VI. INITIAL HIRING OF RISCO – NO DUE DILIGENCE

Risco was initially hired by TARC in February 2017, as an Assistant Executive Director to then Executive Director Barry Barker. He was one of the top three candidates from a pool of 19 who were selected to be interviewed by a panel consisting of Deputy Mayor Ellen Hessen, then Board Chair Cedric Powell, Witness 25, and Barker. After the interview process, Risco was believed to be the best candidate and was offered the position. The following are interview summaries of those involved in the initial hiring and reveal a glaring lack of due diligence when Rico was initially hired.

A. LOUISVILLE WITNESSES

1. MAYOR GREG FISCHER

Fischer recalled first meeting Risco during the first quarter of 2017 when Barker brought him over to Fischer's office. Barker told Fischer that Risco had progressive ideas and had a strong background in the transit industry. Fischer relied on Barker's judgment about Risco when Risco was first hired. Fischer stated that the Mayor's office had no involvement in conducting any due diligence at the time Risco was first hired by TARC as Assistant Executive Director. He reiterated he relied on Barker's judgment in the hiring of Risco. Fischer noted that Risco was brought in to be groomed as the next Executive Director when Barker retired.

2. DEPUTY MAYOR ELLEN HESSEN

Hessen first met Risco in 2016 when he was a candidate for the Assistant Executive Director position. Hessen was a member of the hiring committee which consisted of Hessen, Barker, then Board Chairman, Cedric Powell and Witness 25. Hessen noted that Barker did not need Hessen's approval to hire an Assistant Executive Director but because whoever was hired as Assistant Executive Director would likely transition to Executive Director based on a succession plan suggested by Barker, she and Barker thought it prudent that she be part of the initial hiring process. She did not initiate or conduct any background check on Risco prior to his initial hiring or ask anyone else to do so.

3. CEDRIC POWELL, FORMER BOARD CHAIR

Powell was on the interview panel that interviewed Risco when he was initially hired by TARC. Also on this committee were Witness 25, Barry Barker and Ellen Hessen. Powell stated that a national search was conducted. At the time Risco was hired, it was anticipated that whoever was hired for the Assistant Executive Director position likely would move into the permanent Executive Director position when Barker retired sometime in the future. The TARC Board itself, including Powell, did not do any background investigation of Risco when he was initially hired when Risco was promoted as the successor to Barker or ask anyone to do so.

4. BARRY BARKER – FORMER EXECUTIVE DIRECTOR

At no time during the initial hiring of Risco was any type of formal background investigation conducted. Barker stated he called around to people in the industry to see if any of his contacts had had experiences with Risco. The feedback that Barker received was positive and there was no mention by the persons to whom he spoke that Risco had any issues that would be troubling if he were selected as the Assistant Executive Director. When asked for names of persons whom he contacted, he could only recall one name, Paul Larrousse.

Barker stated he knew Larrousse through his association with the American Public Transportation Association (APTA). Larrousse had been an APTA's chairperson. Risco had served as a vice chair on APTA and then later became the chair. Larrousse did not provide any negative information to Barker concerning Risco. Barker had had a longstanding business relationship with Larrousse and trusted his opinion. Ironically, Barker noted that Risco was a member of the Workforce Development Committee of APTA which dealt with the human side of business to include sexual harassment and human trafficking issues. Barker stated that he had a great friendship with Larrousse and believes he would have told him had Larrousse had any negative information about Risco. Unfortunately, this information could not be corroborated as Larrousse passed away in 2018.⁴⁷

⁴⁷ <https://www.legacy.com/obituaries/mycentraljersey/obituary.aspx?n=paul-james-larrousse&pid=190752518&fhid=27080>

At the time of his initial interview, Barker could not provide any other names of people he had contacted in vetting Risco's name. Barker was interviewed a second time at which time he provided the name of Barbara Gannon as a person in the industry to whom he had spoken.

Gannon was interviewed. Gannon advised that she has worked as a consultant in the transportation industry for 45 years. She met Barry Barker when he was Executive Director for TARC. She learned much from him over the years. She participated with him at various conferences. It was her opinion that Barker was always very professional and concerned about the community he served. Gannon also met Alice French Johnson while she was Assistant Executive Director at TARC. She also held French-Johnson in high regard.

In her interactions in the transportation industry, she often learned of persons in the industry looking for career advancement. Sometime in 2017, Barry Barker contacted her to ask if she knew of anyone in the industry who might be a suitable candidate for French-Johnson's position as French-Johnson had informed Barker she was planning to retire. Gannon gave Barker several names as possible candidates. One of the candidates she suggested was Risco.

Gannon had worked with Risco as a co-chair on one of the APTA Human Resource Subcommittees. Risco had expressed to Gannon an interest in career advancement in the transportation industry. Risco had presented himself in a professional manner during her interactions with him on the APTA Subcommittee. She stated that Risco never touched her inappropriately or made any sexual advances toward her. She also did not recall him using profanity or vulgarity during her interactions with him.

She stated she was blindsided by the allegations of his behavior at TARC. She noted she was disappointed as his behavior tarnished the image of TARC which she noted had an excellent reputation in the industry.

Barker was interviewed on three separate occasions—two in person and one telephonically. The last two interviews were after the "TARC Report" was issued.⁴⁸ During all three interviews, Barker stated that he did not contact the Atlanta Metro Area Regional Transportation Authority (MARTA) as part of the vetting process. Barker was unsure whether the TARC Human Resources Department conducted any type of background investigation as part of the hiring process. Barker noted, however, that it was his experience that if a prior

⁴⁸ The TARC Report was issued on September 8, 2020.

employer were to be contacted, they would simply provide the dates of employment and nothing of substance.

In the TARC Report it is stated that: “Barry’s vetting including [sic] speaking to the Executive Director at MARTA for any indications of problems with the candidate.”⁴⁹ On November 12, 2020, Barker was reinterviewed concerning this statement in the TARC Report. During this reinterview, Barker was specifically asked whether he personally contacted anyone at MARTA to seek input about Risco prior to Risco being hired. In his initial interview on March 13, 2020, Barker stated he had not personally contacted anyone at MARTA prior to hiring Risco. During this follow up interview, Barker again stated he had not contacted anyone at MARTA about Risco prior to Risco being hired.

On November 13, 2020, Barker was interviewed by telephone to clarify his two prior statements that he had not spoken to anyone at MARTA before Risco was hired. He specifically stated that he did not make “it a point to call the Executive Director at MARTA before Risco was hired.” He also stated he did not contact anyone else at MARTA before hiring Risco including anyone from MARTA’s Human Resource Department.

He did recall a chance encounter with a female whom he believed was the CEO at MARTA after Risco was selected for the position. He believed he encountered her at a conference he and Risco were attending. During the encounter, the CEO was very congenial with both Barker and Risco. Barker stated he believed the congeniality exhibited during the chance encounter would have been different had there been a problem with Risco while he worked at MARTA. Barker could not recall at which conference he encountered this person.

5. WITNESS 25

Witness 25 has a Master of Science in Business Communications from Spalding University. She worked for TARC for approximately 19 years. She left TARC in December of 2017. During her course of employment, she had the opportunity to work with both Barry Barker and his assistant, Ferdinand Risco. She was asked to serve on a selection committee when former Assistant Executive Director Alyce French Johnson retired. Witness 25 was selected for this position because the Human Resources Director, Kim Blanton, was a candidate for the job and could not participate on the committee. Consequently, Witness 25 was selected

⁴⁹ TARC Report p. 17.

for this position. Although Witness 25 is a minority, the primary reason she was selected was that Blanton could not be on the committee.

She recalled that a national search was conducted and that many people applied for the job. She considered the job a highly coveted position and noted that several local leaders in the Louisville community had applied for the job. Witness 25 told former Executive Director Barry Barker that whomever they hired needed to be someone who could take TARC to the next level. Barker responded that he agreed with that assessment but that the person selected “was not going to be a white guy.” Early in the process, Barker conducted some initial interviews and inquiries by himself. Around the same time, Barker and Witness 25 were going to an APTA Conference in Atlanta. Witness 25 recalled seeing Barker talking to Risco at the conference facility. Her immediate thought was “that was probably going to be the person Barker wanted to select for the job.”

Witness 25 learned that Barker became aware of Risco as a potential candidate when one of Barker’s close industry, Barbara Gannon, highly recommended Risco. Witness 25 noted that in conversations after the turmoil involving Risco, Gannon had expressed to her that she feels somewhat responsible because Risco was hired based upon her recommendation.

When Witness 25 and Barker returned to Louisville after the APTA Conference, Witness 25 saw indications that Barker had already made his mind up to hire Risco. After returning, the selection committee interviewed three potential candidates to include Risco. The interviews were conducted at the Louisville Metro Way Office conference room. Barker wanted to hold the interviews at this location so that it would not interfere with the operations of TARC or cause rumors within TARC. After the interviews, Witness 25 was of the impression that the others on the committee preferred another person who was not a minority; however, Barker seemed to be swayed by the strong recommendation of his close industry colleague.

Risco “certainly was not” her pick for the job, especially, after she heard that the Predictive Index performed on Risco said he was not a good fit. Witness 25 stated that the Predictive Index is a data driven tool that the city uses for other hires as do other businesses. Based on her personal experiences and her research on the index, she firmly believes it is a good predictor of a candidate’s fit for a job. She is a firm believer in doing what is right regardless of a person’s race meaning that a person should be selected on their qualifications and not their

race. She again mentioned that she was only a part of the process because the Director of Human Resources who would normally participate in the process was a candidate for the job.

She also noted that prior to the Atlanta APTA Conference trip where she saw Barker talking with Risco, Barker had conducted some telephone interviews of others for the position. Again, it appeared to her that when they returned from Atlanta, Barker seemed to have his mind made up as to who he was going to select for Assistant Executive Director.

Sometime after Risco was hired and had moved to Louisville, Witness 25 received a call from a female who had previously worked at MARTA who said, "Why are you hiring him?" The person stated that there was a sense of relief from many people at MARTA when Risco was selected by TARC. The person indicated that there was much dissatisfaction about Risco and that there may have been an investigation that was going to be initiated concerning him had he not been hired by TARC. Witness 25 had previously had dealings with this former MARTA employee. Witness 25 told this person that she did not contact anyone at MARTA because she was not authorized to conduct any due diligence and that the process was supposed to be kept confidential.

Witness 25 noted that Keith Parker was the Executive Director at MARTA when Risco was hired by TARC. She described Parker as a transformational Director who saved MARTA and made many changes at MARTA. However, Barker did not have a good working relationship with Parker. Because of this absence of a good relationship with Parker, Witness 25 believes Barker did not reach out to him or make efforts to contact him prior to Risco being hired.

Witness 25 also believes that Barker did not contact anyone at MARTA because of the strong recommendation from his industry colleague, Gannon, in addition to his lack of a close relationship with Keith Parker.

Former Assistant Executive Director Alyce French Johnson had very strong operational experience. Risco on the other hand never worked in operations. When he came to TARC, he mistreated the persons primarily responsible for the operations of TARC – it's drivers. French Johnson on the other hand would attend funerals of family members of TARC drivers. Risco would not even acknowledge drivers. He felt that the drivers were beneath him.

Sometime after Risco was hired, Witness 25 went to lunch with Barker. She told him that multiple TARC employees had come to her to state that Risco was a problem for TARC. In response, Barker stated, "They don't need to worry, everything is going to be okay."

Witness 25 stated Witness Four was hired after Witness 25 left TARC in 2017. She did observe that Witness 4 lacked any knowledge or experience in the diversity and inclusion arena before being hired by TARC.

After she had left TARC, Witness 25 called board President Cedric Powell and told Powell that people were calling her about Risco, and that numerous people had told her about mistreatment by him. She told Powell that they needed to pay attention to Risco and the way he treats employees. The employees calling her stated that he was treating the employees very badly. Powell responded that he appreciated the input. This telephone call to Powell occurred around the time that Risco had promoted Witness 7 and Witness 10. Powell told her he thought Risco would make some good changes at TARC.

Witness 25 was familiar with Witness 10. She had worked with her before Witness 25 left TARC. She described Witness 10 as a very nice person but not very smart. She thought that she lacked common sense and critical thinking skills. She also noted that she was a very pretty girl and her nice personality and beauty seemed to overshadow her inadequacies. She also thought that Witness 10 could be easily fooled which made her a prime candidate to be manipulated by Risco. She concluded that she thought that Witness 10 never should have been promoted to chief of staff.

At no time did Risco ever proposition Witness 25 for any sexual activities. She did state that he bullied employees and would do to people what he could get away with. She described him as a classic narcissist. She recalled a female employee named Kim who worked in the Marketing Department who told her that Risco had spoken so abruptly with her that it made her cry.

At the conclusion of Witness 25's employment at TARC, her initial opinion that Risco was not a good fit for TARC remained intact. There was nothing that he did while at TARC to change her opinion. In fact, his behaviors reinforced her initial opinion that he was not a good fit for TARC.

6. KIM BLANTON – DIRECTOR OF HUMAN RESOURCES

Kim Blanton, Director of Human Resources, stated neither she nor anyone in the Human Resources Department conducted any pre-employment background check on Risco or made any effort to contact anyone at MARTA. Blanton was one of the candidates for the Assistant Executive Director position when Risco was hired. Consequently, she did not participate in the selection process or vetting of him.

7. OTHER MEMBERS OF TARC LEADERSHIP TEAM

Moreover, the entire leadership team at TARC was interviewed. Based on these interviews, no one else at TARC made any effort to contact anyone at MARTA about Risco to validate his credentials, verify his resume, or speak to anyone in an effort to determine whether there were any issues in his background or employment at MARTA which would alert TARC to any potential issues.

B. PURPORTED EFFORTS TO CONTACT MARTA PRIOR TO INITIAL HIRING – ATLANTA WITNESSES

As noted above, the TARC Report stated that Barker performed due diligence by contacting the MARTA’s Executive Director prior Risco’s hire. In one of the three interviews with Barker, he alluded to a conversation about Risco with a female Executive Director at MARTA. This investigation determined that Barker did not contact anyone at MARTA prior to Risco being hired. The conversation with the female Executive Director occurred after Risco was on the job.

The following are the interview summaries with current or former MARTA employees that reinforce the conclusion that no one at MARTA was contacted by anyone involved in the initial hiring process:

ATLANTA WITNESSES

1. ELIZABETH O’NEILL – MARTA GENERAL COUNSEL

On November 17, 2020, Elizabeth O’Neill, Chief Counsel for MARTA, was interviewed to gain insight into whom Barker may have spoken after Risco was hired who would have been a

female CEO at MARTA. O’Neill advised that she has been employed in the legal department of Marta for 20 years and has been Chief Counsel since 2006 except for a short period of time (September 2017 – April 2018) when she held the position as MARTA’s Interim General Manager/Chief Executive Officer (GM/CEO). She was appointed to this interim position after Risco had left MARTA. Risco left MARTA 9 months earlier in January 2017.

O’Neill was never contacted by anyone from TARC prior to Risco being hired by TARC. She did state that she had a happenstance meeting with Barry Barker and Risco after Risco had been hired by TARC. This chance meeting occurred in February 2018 at the Atlanta Airport. O’Neill was traveling from Atlanta to Miami, Florida to attend the APTA Transit CEO’s Seminar. Barker and Risco were also traveling to the APTA conference. Upon arrival in Miami, O’Neill shared a cab with Barker and Risco from the Miami Airport to the conference hotel.⁵⁰ During this chance encounter, O’Neill exchanged small talk with Barker and Risco.

O’Neill was not asked at this time or any other time for her opinion about Risco. She also stated that she would have been the only female GM/CEO at MARTA with whom Barker would have spoken as she replaced a male CEO, Keith Parker, who was hired by MARTA in 2012 and who left MARTA after Risco was hired by TARC.⁵¹

O’Neill stated that Keith Parker was the GM/CEO for MARTA from 2012 to September 2017. Thus, Parker would have been the GM/CEO during Risco tenure at MARTA (August 2012 – January 2017). The current GM/CEO Jeffrey Parker (no relation to Keith Parker) became GM/CEO in April 2018—after Risco had left MARTA.

Accordingly, O’Neill would have been the only MARTA CEO who was a female to whom Barker could have spoken. Again, O’Neill became CEO after Risco had left MARTA. O’Neill acknowledged that Risco could be abrasive and a “bulldog” at times, but she never experienced any indicators that he was prone to sexual harassment.

⁵⁰ Independent research revealed that the 2018 APTA Transit CEO’s Seminar was held in Miami from February 10 – February 12, 2018. TARC hired Risco the year before—February 2017. Barry Barker was one of the presenters at the conference on Monday, February 12, 2018. *See*: <https://www.aptagateway.com/eWeb/DynamicPage.aspx?webCode=evtProgram&evtKey=80e1d64c-4081-417b-bb9b-b45074518a33>

⁵¹ Barker stated in his November 13, 2020, interview that he recalled talking to a female who was the MARTA CEO sometime after Risco was hired.

2. JEFFERY PARKER – CURRENT MARTA CEO

Parker stated that he became MARTA GM/CEO in April 2018—after Risco had left MARTA—and did not have any information to relate concerning Risco. He referred all questions to MARTA General Counsel, O’Neill.

3. KEITH PARKER – FORMER MARTA CEO

Keith Parker was interviewed. He stated he was General Manager/CEO of MARTA from December 2012 through September 2017. He was the CEO of MARTA during Risco’s employment at MARTA. He too he had not been contacted by anyone from TARC before Risco was hired by TARC nor after he was hired.

Therefore, contrary to what was stated in the TARC Report, Barker did not contact anyone at MARTA to vet Risco prior to his initial hire nor did anyone else at TARC or the Mayor’s office. Barker himself stated on the three occasions he was interviewed that he had not contacted anyone at MARTA prior to Risco being hired.

C. SUMMARY – LACK OF DUE DILIGENCE AT INITIAL HIRE

Based on all interviews conducted, neither Mayor Fischer nor Deputy Mayor or any of their Staff conducted any background check of Risco but assumed someone at TARC would do so; neither Barker nor anyone at TARC conducted a thorough background check into Risco; and neither the TARC Board Chair nor any board member conducted or demanded a background check be conducted when Risco was hired despite the knowledge that he likely would be the heir apparent when Barker retired. The Louisville witnesses clearly establish that virtually no due diligence was performed when Risco was initially hired.

D. COMPREHENSIVE BACKGROUND CHECK WOULD HAVE DISCLOSED NEGATIVE INFORMATION

This investigation concluded that virtually no pre-employment screening occurred when Risco was first hired. Unfortunately, a thorough preemployment background check would have most likely uncovered Risco’s penchant for maniacal management style and penchant for harassing female employees. Five either current or former MARTA female employees were interviewed. All five described a lack of professionalism and overbearing management style

much like what exhibited by him at TARC. Three described Risco's behavior at MARTA that was eerily like his behavior at TARC—sexually harassing female employees; abusive, overbearing, and intimidating behavior; terminating long-term employees whom he disliked; creating positions for those he favored along with substantial pay raises; using inappropriate language; and creating an environment where employees feared losing their jobs.

The following are summaries of interviews with Atlanta witnesses who worked with Risco while he was at MARTA. They paint a picture of Risco's behavior in Atlanta virtually identical to his behavior at TARC—sexual harassment and hostile work environment.

1. WITNESS A-16

Witness A-16 advised that a slew of people at MARTA in Atlanta were impacted by Risco and his behavior while he was there. Witness A-16 stated that Risco still has friends at MARTA and he continues to have an impact on her career. She stated that at one point in time Risco had promised to ruin her career if she did not capitulate to his sexual overtures. She described Risco's pursuit of her as relentless.

Risco offered to promote Witness A-16 and brought her into his office to review her resume. Risco sat her resume down in front of her and told her that he knew all about her. He went on to say that he needed someone who would be loyal to him. He wanted somebody who if he called at night or day would be willing to come and do whatever he needs to be done. He went on to say, "You're pretty," and asked her if she knew what he was talking about. He then inquired whether she was willing to participate with him. When she asked if he was referring to sexual intimacy, he responded, "yes."

She told him that she was not interested. She also told him that she was a devout Christian and that having a sexual affair was not how she led her life. At that point, Risco ripped up her resume and said, "Get the f___ out of here." He further stated, "Now, bitch, it is on."

On Monday, her immediate boss came in and began treating her differently than before. From that point forward, she was micromanaged and "almost had to seek approval to go to the bathroom." Risco saw to it that it was nearly impossible for her to do her job. Sometime later, Risco asked her, "Are you willing to take me up on my offer?" Once again, she declined his offer. Again, his management of her became very unbearable including an occasion when Risco prevented her from going to her brother's funeral until she finished a project for him.

She stated that Risco harassed many people at MARTA, was abusive, inhumane, immoral, and unethical in his behavior at MARTA.

She stated that Risco hated African American people, especially those who voted Democratic.

She described his behavior as that of a monster. She described Risco as the most sadistic person she had met. It was his behavior to discredit a person and then only he could rehabilitate them. There was an employee who was a beautiful girl whose reputation he discredited. Risco was a big man with an imposing physique that intimidated employees.

She stated that she was always stressed when on the job. She noted that she had a 20-year spotless record at MARTA until Risco came along. She stated that other women at MARTA were emotionally distraught because of his behavior. He had a tendency to assassinate people's character.

Risco regularly fired people. Oftentimes, he would call a meeting five minutes before 5 o'clock on a Friday and then say to those in the meeting, "Look who's not here now," with the implication that he had just fired somebody and that they might be next. She stated that Risco fired a lot of long-time MARTA employees after his arrival. Stunningly, this is the exact behavior many of the TARC victims described.

She witnessed many injustices when Risco was at MARTA to include his efforts to besmirch the reputation of a student who was an intern at MARTA. It was her opinion that Risco was a sexist and hated women.

She further stated that Risco would "hang out with guys at strip clubs" and then use that against the men to manipulate them.

Many women came forward to Witness A-16 to describe Risco's behavior to her. It was difficult for people to report his behavior because he was over the Equal Opportunity Department and the department to which people would report such behavior. He would often remind people what power he had and that he had contacts at all levels of MARTA with the implication that employees should be wary of reporting matters to persons higher up in MARTA. She stated that she was very dependent upon her job for her livelihood and feared reporting Risco out of concerns of retaliation. Again, so similar to the helplessness expressed by many TARC victims.

She also mentioned that Risco's wife did not move to Atlanta after he was first hired at MARTA. He had an apartment near the MARTA headquarters. He could stand on his balcony

and watch employees enter MARTA and would sometimes comment to female employees about seeing them go into the building.

She believes that Risco and the former MARTA CEO, Keith Parker, were friends and that Parker would not say anything negative about Risco if interviewed.

Finally, she mentioned that Risco had professed that he could raise money for MARTA by creating a private foundation into which companies could buy sponsorships.

2. WITNESS A-17

Witness A-17 stated that prior to Risco becoming her supervisor, she had consistently received above average to excellent performance evaluations for over ten years. She also had never been disciplined prior to Risco becoming her supervisor. However, she began to receive poor evaluations when Risco became her supervisor. She was ultimately terminated by Risco purportedly for poor performance. Subsequently, Witness A-17 filed a civil action in federal court against MARTA alleging Risco had wrongfully terminated her and that he violated the FMLA requirements and retaliated against her for using FMLA. The suit was later dismissed.

Risco would randomly criticize Witness A-17 for doing things she believed were positives for their department. For example, she recalled an occasion when she prepared food that employees could buy—a practice she and other employees had done in the past. Later, Risco reprimanded her in writing for doing so, saying it was inappropriate and could have poisoned other employees. On another occasion, another employee (Witness A-16) brought in food she had prepared. Risco said derogatory things about the food to the employee and said bringing in outside food could poison employees. Yet, a few weeks later Risco brought in food for employees that he had prepared at his home. This was an example of his erratic and overbearing management style.

Witness A-17 believes that the reasons Risco was so critical of her and gave her poor performance evaluations was because she was married and knew she would not be “his girl.” Risco had made sexual innuendos toward Witness A-17 shortly after he came to MARTA. Witness A-17 recalled an instance at a diversity dinner when Risco stated, “I was thinking about you last night more than my wife.” This made Witness A-17 uncomfortable being around Risco. Six months later she was terminated. Soon after she was fired, Risco hired someone for her former position with whom Witness A-17 heard Risco was sexually active. Once again,

incredibly like his firing his Chief of Staff at TARC and eliminating the position for “funding reasons” only to recreate the position months later for Witness 10 and giving her a \$70,000 raise.

Witness A-17 described Risco as “creepy.” And said she was afraid to be alone with him in a closed room.

Risco would make lewd remarks about women and was degrading to women. Witness A-17 was afraid to report Risco because of his position and because Risco had many friends in MARTA whom she thought would protect him. Witness A-17 feared retaliation if she reported him. She stated other women had experienced the same behavior, but they too feared retaliation if they reported Risco’s behavior.

Witness A-17 stated that several female employees had shared stories with her about Risco’s lewd behavior. One employee, who was a manager, was asked by Risco, “Who did you sleep with because you’re too pretty to be smart.” This employee told Witness A-17 she was uncomfortable to be in a room with Risco.

Witness A-17 noted Risco would make lewd remarks in some executive team meetings. The people in the meetings would simply sit quietly and not stop the behavior. On several occasions, Witness A-17 attempted unsuccessfully to contact Keith Parker who was MARTA’s CEO at the time about Risco.

3. WITNESS A-18

Witness A-18 described Risco as “a very loud person” and “an angry person.” He was quick to get angry. He made sure “he got the last word which was not conducive to a back-and-forth conversation. He always had to be right.” He intimidated people not only by his behavior but also his size. He would frequently go out of his way to accuse people of lying. He would call employees a liar in front of other employees.

He would berate employees for not speaking up in meetings, but employees were fearful of speaking because of his intimidating and condescending behavior in meetings. He was someone with whom she and many other employees did not want to work. She went out of her way to avoid him.

She described the work environment as hostile. She and other employees were in constant fear of losing their jobs. He would frequently call meetings late on a Friday during which he would announce that a person had been fired. He “left hanging in the air” the belief

that “you could be the next person who would be fired.” Again, similar to what TARC employees expressed.

He thought he was funny and would tell jokes that he thought were funny, but others did not. Sometimes these remarks were sexual in nature. She recalled a staff meeting during which he used the term “tossed salad” referencing an intimate sexual act. This comment was made in front of numerous employees in the Staff meeting. Everyone in the room got quiet in the room after he made that remark.

During Risco’s tenure at MARTA, she heard stories about female employees who Risco sexually harassed. She recalled a female in the Mobility Department who was in her mid-twenties whom he sexually harassed.

She concluded that it was a nightmare working with Risco. She knows of other female employees whom he harassed but is uncertain whether these female employees would be willing to come forward. She was asked to provide the investigator’s name and contact information to these other potential victims and encourage them to call or provide contact information at which they could be reached.

4. WITNESS A-19

Witness A-19 started working for MARTA in June of 2013. She was hired to be an Office Administrator II and assistant to Risco. During the interview process, she underwent interviews by three panels. The third interview was with Risco himself.

Her duties as Risco’s assistant were to maintain his calendar, act on his behalf at meetings, purchase card administrator, facilitate events, handle financial matters and be part of the leadership team. She also handled travel matters for Risco. She stated that he attended his “fair share of conferences and seminars.”

She stated that she had lunch with Risco and other Staff members from time to time. She also attended various events in the Atlanta area with Risco. One of the entities that she and Risco participated in was the Georgia Diversity Council. When attending these meetings, they would frequently go together in her car.

She recalled Risco making comments about women – comments about how they looked and what they were wearing and body types. He would comment sometimes about a female saying, “she’s big,” implying that he preferred a different body type.

Risco also confided in her about unhappiness in his marriage at home. He made comments to her that his wife was mad at him. He would also state, “Nothing is going on in my house.” Witness A-19 interpreted that to mean that he and his wife were not having sexual relations.

Witness A-19 stated that she and Risco confided in each other about their home lives. He also shared with her information about sexual affairs with people in the past, made sexual jokes and used profanity often.

She stated that although Risco treated her fairly there were two points of view when it came to Risco. There were those “who liked him and those who didn’t like him.” Those who did not like him held that feeling because of his harshness. If Risco did not think an employee was doing what they should do, he became easily frustrated. She stated that he was accustomed to the military ways in that when an order was given the Staff would respond accordingly. She did observe him using harsh tones towards employees at times.

After she was hired, Risco restructured the office and changed the name of the office. As part of this restructuring, Witness A-19 was promoted into her current position as the Diversity Program Administrator. The promotion came with an increase from a Grade 16 to a Grade 19 very similar to his promotion of Witness 10 and giving her a \$50,000 raise.

She recalled some sole-source contracts entered into by Risco. One of them was with a company called Life Moxie which was a mentoring program company. She recalled that Risco had worked with the owner of Life Moxie in his previous employment. Witness A-19 did go to lunch with Risco and the owner of Life Moxie – Ann Tardy.

Witness A-19 stays in contact with Risco, and they have retained a friendship since he left TARC. He will call her on her birthday to wish her happy birthday. She saw him at a national conference in Texas in 2019.

5. Witness A-20

She was hired by MARTA in 2017 and handled mainly EEO/ADA matters. In this capacity, she worked closely with the Diversity and Inclusion Department. Although she worked primarily with the D & I Staff reviewing investigations, she did work some with Risco.

During her interactions with Risco, she did not observe any behavior on his part that would have alerted her to any inappropriate behavior on his part. However, she noted that it would have been “foolish or stupid” for him to do so in front of her because of her position at MARTA.

She did describe Risco as a “jokester” in a manner that reminded her of a “class clown.” She thought some of his joking was inappropriate in the workplace. She also noted that he did use profanity occasionally.

Witness A-20 has had only one contact with Risco since he left TARC. This occurred in the summer of 2019 while they both were attending a COMPTON conference in Florida. They sat and talked for about 10 minutes. Nothing inappropriate occurred during this meeting.

After TARC fired Risco, two MARTA employees expressed to her that they were not surprised by the allegations they were hearing about his behavior at TARC. One person on her Staff remarked “he could only fool people for so long.” Another MARTA employee told her that Risco “was a terrible person.”

E. SUMMARY OF ATLANTA WITNESS STATEMENTS – INITIAL HIRE

The statements of the Atlanta witnesses clearly establishes that negative and derogatory information about Risco was in existence when he was initially hired by TARC. Risco’s behavior while employed by MARTA was eerily like his behavior while at TARC. The Atlanta witnesses described both sexual harassment and hostile work environment issues with Risco.

All the above information from current and former MARTA employees was obtained without a subpoena and by simply making telephone calls to persons who had worked with Risco at MARTA. Again, this information was available at the time Risco was hired by TARC. The totality of the information garnered from speaking to MARTA employees and a thorough research of federal court cases involving Risco would likely have disqualified Risco as a candidate.

The Louisville witnesses clearly establish that virtually no due diligence was performed when Risco was initially hired.

F. ADDITIONAL INFORMATION FROM ATLANTA WITNESSES

ELIZABETH O'NEIL – CHIEF COUNSEL FOR MARTA

O'Neill stated that sometime around 2014 – 2015 there were complaints made by employees of MARTA concerning executives in MARTA's Human Resources Department (HR) including Risco. Risco was the Director of Diversity and Equal Opportunity at the time which was part of the HR. One of O'Neill's Staff attorneys handled the matter. Employees in HR were interviewed about the management style of HR executives. The complaints alleged micromanagement, abrasive, and tyrannical behavior. O'Neill was unsure whether a written report was prepared but stated she would attempt to determine if one was prepared.

At the conclusion of the review, MARTA contracted with Thom McKinney and Associates to provide coaching and team building to the management team which included Risco. McKinney conducted a 360 survey, assessed the "pulse" of the HR Department, and then provided management training, coaching and team building instruction. O'Neill believes a Letter of Agreement was entered into with the McKinney Group. She stated she would attempt to locate the agreement or any documentation as to the problems McKinney was engaged to correct. O'Neill stated that the matter did not include any allegations of sexual harassment but, as noted above, the oppressive management style of the HR executives.

O'Neill stated that the McKinney group was hired because the then MARTA GM/CEO, Keith Parker, had used the company when he was with the Charlotte, North Carolina transit system.

O'Neill acknowledged that Risco could be abrasive and a "bulldog" at times, but she never experienced any indicators that he was prone to sexual harassment. O'Neill stated she was familiar with a complaint filed in federal court in November 2014 by a former MARTA Employee in which Risco is alleged to have violated the employee's rights under the federal Family Medical Leave Act. Ultimately, this civil action was dismissed.⁵²

⁵² Independent research revealed a civil action filed in U.S. District Court, Northern District of Georgia at Atlanta in which the complainant alleged that she had received exceptional and Above Standard performance evaluations until Risco was hired by MARTA and he became her supervisor. The employee had worked at MARTA from 1997 until January 2013 when she was terminated by Risco. *See* case 1:14-cv-03667, U.S.D.C. at Atlanta.

O'Neill shared some of MARTA "best practices" that have been helpful in both the hiring of executives and oversight of their actions while employed. First, she stated that MARTA has a separate reporting process for complaints involving executive management. This process was in place while Risco was employed at MARTA.

Another best practice concerns the termination of employees. Any termination of a MARTA employee must be reviewed by several levels including the legal department

Finally, O'Neill stated that MARTA has an extensive process for hiring a CEO. This includes the use of a national search firm that recommends candidates to an internal search committee. The search firm also conducts a comprehensive background check. The names of the top three candidates are published publicly for ten days to allow input from the community and employees on the proposed candidates. Thereafter, the full Board votes on the candidates.

KEITH PARKER, FORMER MARTA CEO

Parker was the CEO of MARTA during Risco's employment at MARTA. Risco was not a direct report during Risco's first several years at MARTA. Initially, Risco reported directly to the head of the Business Support Service and later to the Chief of Staff. Towards the end of Risco's employment at MARTA, Risco became a direct report.

He did recall complaints by some employees about the management style of the executives in the Human Resources Department which included Risco. The employee complaints alleged micromanagement which included requiring employees to ensure managers knew where employees were at all times during the workday.

MARTA hired an outside consultant to address these concerns. The consultant they hired was Thom McKinney. The consultant was hired to provide management coaching to the managers in HR. The goal was to work with the managers to improve morale and enhance their effectiveness with the employees. Parker had used McKinney for coaching employees when he was CEO of the Charlotte, NC transit system.

Once, again these were issues that could have been uncovered had a thorough background check been conducted at the time Risco was hired.

G. ADDITIONAL BACKGROUND ISSUES – INITIAL HIRE

In addition to the information discussed above concerning the lack of a thorough background investigation and what may have been discovered had a thorough background investigation been conducted, it was observed during this investigation that there were inconsistencies on his employment application with TARC.

First, he indicated on page 2 of the handwritten application that he had served in the Army for 10 years; on page 3 he wrote he served 5 years in the Army.⁵³

Additionally, several witnesses mentioned that he told them had served 10 years, was a captain, and was discharged because of an injury. He also claims on his LinkedIn account that he served 10 years.⁵⁴

However, a copy of his discharge paper obtained from the Army states that he served for 5 years and retired as a lieutenant.⁵⁵ TARC could have easily obtained this information. Risco signed a consent form that authorizing TARC to verify all information on his application.

This discrepancy was not detected when he was first hired and should have prompted some follow up to verify whether this was a simple error on his part or another example of his efforts to obfuscate to further his fraudulent conduct. Regardless of the reason, it was not observed or addressed when Risco was hired. Once again, this illustrates a lack of due diligence when he was hired.

Second, on page one of the applications Risco also indicated that he had never been convicted of a misdemeanor or felony. As part of TARC's investigation, they hired a firm to conduct a post-Risco departure background investigation. This post Risco departure background investigation concluded that there were no criminal cases involving Risco prior to him being hired by TARC, apparently to support their theory that even if a background check had been conducted it would not have disclosed any negative information. However, this investigation (performed for Metro Council) uncovered a conviction for a misdemeanor in Virginia Beach, Virginia, in July of 2000.⁵⁶

⁵³ See Exhibit 5.

⁵⁴ See Exhibit 6.

⁵⁵ See Exhibit 7. This nature of his discharge was redacted in the copy received. Counsel for Metro Council were pursuing efforts to obtain an unredacted copy at the time this report was submitted.

⁵⁶ Virginia Beach General District Court, 810GT0003843000.

A thorough review of his employment application coupled with a thorough background investigation would have disclosed these two inconsistencies and could have determined the veracity of his statements or the lack thereof.

VII. DUE DILIGENCE - PROMOTION TO EXECUTIVE DIRECTOR

As with the initial hiring of Risco, there was a glaring lack of due diligence when Rico was promoted to Executive Director. The following is summary of witness statements involved in the promotional process or who voiced concerns about Risco being promoted.

A. WITNESSES

1. MAYOR GREG FISCHER

After Barker announced his intent to retire, Fischer had a discussion with Deputy Mayor Ellen Hessen about promoting Risco to Executive Director. Hessen suggested to Fischer that they initially put Risco in as the Interim Executive Director with the intent to promote him to permanent Executive Director after a trial period as Interim Executive Director. Fischer concurred with this recommendation. He stated that he relied on the recommendation of Hessen, Barker and then Board Chairman Cedric Powell. No additional due diligence was done at this time.

During the time that discussions were being held about placing Risco in the Executive Director position, Fischer recalled the “head of the union,” Theo Hamilton, had expressed concerns that Risco was “tough on people.” Fischer concluded that Risco was a “change agent which makes people uncomfortable,” however, he did not speak directly with the Union leader to get his input or determine the substance of the Union’s concerns nor did he ask anyone on his staff to do so.

After Risco became the permanent Executive Director, Fischer and Hessen met with Risco and instructed him to “resolve the issue with the union.” Fischer stated he believed Risco did resolve the union’s concerns, but again did not have any personal discussions with Hamilton to verify his assumption.

No climate survey or discussions with TARC employees were conducted prior to Risco being promoted. Fischer did not request a background check prior to promoting Risco.

2. DEPUTY MAYOR ELLEN HESSEN

After Risco was hired, Hessen again saw Risco during a meet and greet attended by Risco and other key TARC Directors. Until Barker's retirement, Hessen dealt mainly with Barker. Barker announced his retirement in late 2018. Her impression of Risco was that he was smart, thoughtful, had new ideas, would provide a fresh look at public transportation. She had no indication of problems during Risco's tenure as Assistant Executive Director.

As Barker's retirement approached, Barker recommended Risco for the Executive Director position. Barker told Hessen that Risco was doing a good job. Risco was promoted to Interim Executive Director based on Barker's recommendation.

During Risco's time as Interim Executive Director, TARC was negotiating a contract with the union representing TARC employees. Hessen met with the union president, Theo Hamilton. Hamilton expressed concern about Risco's management style. She told Hamilton that he needed to work through the issue with Risco. Sometime later, Hessen had a conversation with someone representing the union who indicated the issues had been resolved. She could not recall the union representatives name, nor did she recontact Hamilton to ensure the issues had been resolved.

No climate survey or discussions with TARC employees were conducted prior to Risco being promoted. Like the Mayor, Hessen did not request any background check prior to promoting Risco.

Hessen also heard from then TARC Board Chair Powell and Urban League President Sadiqa Reynolds who both asked when they were going to make Risco the permanent Executive Director. This input was considered when Risco was promoted.

3. CEDRIC POWELL, FORMER BOARD CHAIR

Once Risco was hired, Powell did not have much contact with him but continued to have the most contact with Barry Barker. Powell had greater contact with Risco after Barker retired.

When Risco was selected as the replacement for Barker, he had served as an Assistant Executive Director and subsequently as the Interim Executive Director after Barker left. Ultimately, he and the board decided to make him the permanent Executive Director.

Neither Powell nor the Board conducted a climate survey or held discussions with TARC employees or union officials prior to Risco being promoted. They also did not request a background check prior to promoting Risco.

4. THEO HAMILTON, PRESIDENT, AMALGAMATED TRANSIT UNION, LOCAL 1447

When it was first learned that Risco was going to be coming to Louisville as the Assistant Executive Director of TARC, Hamilton reached out to his counterpart at the ATU Local 732 to find out what he could about Risco. Hamilton was informed by the person to whom he spoke that they did not have or were unwilling to provide any specific negative information but was forewarned to be careful with him. Hamilton attempted to do some internet research on Risco before he was initially hired. This research included some online searches and a review of Risco's employment history.

After Risco was hired, Hamilton began to hear concerns from TARC employees about Risco's behavior. In particular, he heard criticisms about the way he treated employees including bullying behavior. Hamilton began to hear concerns voiced about him by the union membership. One of the principal complaints was his bullying behavior and abusive handling of the employees.

One example given was the drivers had taken up collections to buy bicycles to hand out to persons in need. These bicycles were stored in the drivers' lounge at TARC headquarters. One day around noontime, Risco walked into the room and saw the bicycles and said to the drivers to get rid of them by the end of the day. Hamilton also stated that a number of people began retiring because of Risco. Some told Hamilton that they could not work like this and were fearful that he would fire them without adequate cause.

Hamilton provided the names of several long-term employees who retired out of fear of being terminated by Risco.

Hamilton also noted that it appeared Risco was trying to create distance between him and the employees and especially the union president.

When it was learned that Executive Director Barker was retiring, Hamilton stated that he and his members did not want Risco promoted to the Executive Director position. Accordingly, Hamilton sent an email to the mayor's office in December of 2018 expressing that a nationwide search should be conducted to replace Barry Barker. Hamilton provided a copy of that email

dated December 18, 2018, along with a reply from the mayor's office that stated, "Your input is appreciated and will be shared with Mayor Fischer."⁵⁷

Subsequently, the Greater Louisville Central Labor Council (GLCLC), which is a consortium of numerous affiliated unions within the Louisville Metro area with a stated membership of 50,000 members, sent a letter dated December 20, 2018, to Mayor Fischer requesting that, "You do a nationwide search for a new Director for the Transit Authority of River City, to find someone with similar qualities as Barry Barker." Hamilton provided a copy GLCLC letter.⁵⁸

In addition, Hamilton attended a TARC board meeting on January 22, 2019. Hamilton provided a document which he stated he read to the TARC board when he attended the board meeting on January 22, 2019. The written statement provided by Hamilton sets forth various concerns that the union had with Risco. The statement again requests that the board to ask the Mayor "to conduct a nationwide search for a new Director for the Transit Authority of River City to find someone who's comparable to Barry Barker or better."⁵⁹

In addition to the above efforts to encourage the board and the mayor to conduct a nationwide search, Hamilton stated that he believed numerous emails were sent by TARC union members to the mayor's office with the same concerns being voiced.

5. TODD DUNN, PRESIDENT, GREATER LOUISVILLE CENTRAL LABOR COUNCIL (GLCLC)

GLCLC is a consortium of 50 Louisville area unions and allied organizations representing over 50,000 women and men. The Amalgamated Transit Union (ATU), Local 1447, is a member of the GLCLC. ATU is the body that represents union employees at TARC. He recalls ATU President, Theo Hamilton, informing him about problems regarding Risco while Risco was Interim Executive Director. Hamilton spoke at a meeting of the Central Labor Council meeting attended by officials of the other entities that comprise the GLCLC encouraging them to contact the Mayor and encourage a nationwide search be conducted for a new Executive Director.

⁵⁷ Exhibit 8.

⁵⁸ Exhibits 9.

⁵⁹ Exhibit 10.

6. TIM MORRIS, EXECUTIVE DIRECTOR, GREATER LOUISVILLE CENTRAL LABOR COUNCIL (GLCLC)

He recalls ATU President, Theo Hamilton, informing him about problems regarding Risco while Risco was Interim Executive Director. Hamilton spoke at a meeting of the Central Labor Council meeting attended by officials of the other entities that comprise the GLCLC encouraging them to contact the Mayor and encourage a nationwide search be conducted for a new Executive Director.

In response to the concerns raised, Todd Dunn sent a letter to Mayor Fischer. Morris stated the letter was sent around Thanksgiving of 2018. Morris provided an email dated November 26, 2018, by which he stated he was sending the letter to the Mayor. Morris also provided an email which was sent to the GLCLC membership encouraging members to contact the Mayor about Risco and a need for a nationwide search. The email is dated January 12, 2019.⁶⁰

B. CONCERNS EXPRESSED BY TARC EMPLOYEES BEFORE RISCO WAS PROMOTED TO EXECUTIVE DIRECTOR

A request was made to the Mayor's office to provide any emails or letters sent to the Mayor from anyone raising concerns about Risco or stating, asking, or encouraging the Mayor to conduct a nationwide search for a new TARC Director for the time period November 2018 to January 2020.

In response, the Mayor's office provided an email from Mathias Hamilton, President of ATU Local 1447, dated December 14, 2018. In that email, Hamilton asked the Mayor to conduct a nationwide search to replace Barry Barker. He further stated that: "It is very important that you strive to find someone with the knowledge, expertise, vision, drive and community service that we need to be successful." He concluded with, "This community deserves no less than a new Executive Director with the same qualities as Barry Barker."⁶¹

The Mayor's office also provided 14 emails received from TARC employees dated January 12, 2019 to February 7, 2019.⁶² All these emails requested or encouraged the Mayor to

⁶⁰ See Exhibit 9.

⁶¹ This is the same email and reply provided by Theo Hamilton referenced above as Exhibit 8.

⁶² Exhibit 11.

conduct a nationwide search for a new Executive Director. The emails expressed various sentiments such as:

- The city of Louisville deserves a Director who is compassionate about public service transit and its most valuable asset, the employees that move this city.
- Find someone to replace Barry Barker. He did a great job.... He was a Director who cared about public transit and its most valuable asset—the employees—and worked with them.
- We need someone like Barry Barker so we don't go backward.
- We deserve a Director who gets behind the employees with continuous support.
- The current interim Director does not seem interested in supporting TARC's most valuable asset—its employees.
- We deserve a Director who provides support and is interested in growth and improvement for the city and those who work to make it better.
- We deserve a Director who will support the employees moving our city forward.
- We deserve a Director that will stand behind TARC employees with continuous support.
- It's important not only to our membership but to the citizens of Louisville that our bus drivers and TARC employees have a strong relationship and are able to work together to make Louisville better.
- Conduct a nationwide search for a new Director.
- Although there is only one Barry Barker, the interim person in place has no regard for our union and continually demonstrates blatant disregard for our legal contract.

One writer expressed concern that “the interim Executive Director of TARC is trying to make all the Employees at TARC to get paid every two weeks instead of every week.” The writer went onto say that the interim Director was letting employees know that “if he [does] not get his way he will find a way to get you fired” and concluded the email with: “The city needs to know exactly what is going on at TARC and need to help the employees at TARC to make sure that they have a job” without the threat of getting fired for “little or no reason at all.”

These concerns appear to have been largely ignored or dismissed by the Mayor and his office. Neither the Mayor nor Deputy Mayor indicated that they personally investigated these concerns. This investigation validated many of the concerns expressed in these emails. A thorough vetting of these concerns may have given pause to the promotion of Risco to Executive

Director or provided leads to uncover Risco's propensities to mistreat employees and, perhaps, caused a reevaluation as to whether Risco should be promoted on a permanent basis.

1. Additional Witnesses - WITNESSES 21, 22, AND 23

In addition, Witnesses 21, 22, and 23 were long-time employees at TARC with 22, 29 and 35 years of experience, respectively. Two of them had supervisory or managerial roles in the operational side of TARC. All three stated they were mistreated by Risco and resigned out of fear of being fired and losing their pensions. This mistreatment may ultimately result in TARC making financial settlements with them.⁶³

Witnesses 21, 22, and 23 along with the union officials and employees who emailed the Mayor as discussed above and many others at TARC could have provided input about Risco to the Mayor and TARC board before he was promoted to Executive Director that likely would have at least given pause to promoting Risco, if not prompting a search for a new candidate. However, no such vetting was conducted.

C. SUMMARY – LACK OF DUE DILIGENCE ON PROMOTION

This investigation determined that there was virtually no due diligence performed when Risco was promoted. Had a background investigation been performed it is likely that sufficient negative information would have been developed to eliminate Risco as a suitable candidate.

One of the best practices that is frequently used by companies when hiring or promoting an executive is referred to as a 360 review or reference. This business practice seeks input from subordinates, peers and superiors. A 360-degree reference check helps to form a more objective picture of the possible candidate than the candidate would provide on their own or provided by close friends.⁶⁴ This was not done when Risco was initially hired nor when he was permanently promoted to Executive Director.

⁶³ As of the writing of this report, the attorney for these witnesses indicated that no settlements have been made.

⁶⁴ See <https://yespartners.com/what-is-a-360-degree-reference-check-and-why-is-it-important/>; <https://www.dhrinternational.com/about/triple-check-assessment/360-degree-referencing/>; <https://www.opm.gov/policy-data-oversight/assessment-and-selection/other-assessment-methods/reference-checking/>

Had a 360 review been conducted during the initial hiring of Risco as well as before he was promoted, it is likely that he would not have been hired or promoted; thereby, preventing the severe adverse financial impact and emotional toll on so many TARC employees in addition to the significant adverse impact on TARC's reputation both locally and nationally.

VIII. WRONGFUL CONDUCT

A. SEXUAL HARASSMENT

This investigation disclosed significant sexual harassment by Risco that is consistent with that of a sexual predator.⁶⁵ A sexual predator is a person who seeks out sexual contact with another person in a predatory or abusive manner. Those who exploit others in a sexual manner may not be just seeking sex. Rather, they see sex as a form of dominance and control.⁶⁶ The behavior described by many witnesses is consistent with this definition. Risco's behavior exhibited a strong need to control and have dominance over his victims.

As with sexual predators in general and, specifically, Risco:

The workplace provides an arena for these behaviors. The perpetrator has leverage over his victim who is a subordinate. He knows that she is unlikely to inform because she thinks she will not be believed, that she will lose her job, or perhaps lose opportunity to advance at all in her chosen line of work. The victim also thinks that the people in charge will support the perpetrator, especially if he is well-known and important to the reputation and success of the organization.⁶⁷

Throughout this investigation, numerous victims described a feeling of helplessness and a fear of losing their job or the potential for advancement if they did not capitulate to Risco's overtures. They feared reporting him for fear of the repercussions and fear they would not be believed. Some witnesses expressed there was a culture of sexual harassment and sexual innuendo and fraternity like culture at TARC beyond just Risco. Many of the witnesses wanted their full story presented so that the public could see the complete picture and that it would not

⁶⁵ <https://www.webmd.com/sex-relationships/signs-sexual-predator#:~:text=A%20sexual%20predator%20is%20a,a%20predatory%20or%20abusive%20manner.&text=While%20some%20sexual%20predators%20attempt,many%20are%20child%20sexual%20predators.>

⁶⁶ id

⁶⁷ <https://www.psychologytoday.com/us/blog/inside-the-criminal-mind/201712/the-thinking-processes-sexual-predators>

be “brushed under carpet.” They stated this may be their only opportunity to get their story out. Consequently, in-depth witness summaries are being provided.

The following is a summary of what these victims and witnesses experienced:

WITNESS 1

Witness 1 has a Bachelor of Science degree from the University of Texas at Dallas. Her degree is in Finance and Economics. She also has experience in both finance and economics to include rate, studies for governmental entities, capital improvements, compliance with consent decrees and management consulting.⁶⁸

Witness 1 stated that about 13 years ago she started working with Metropolitan Sewer District (MSD) of Greater Cincinnati. She reported to Tony Parrott who was the Cincinnati MSD Executive Director. She served in that capacity along with about seven of her employees for over ten years. Mr. Parrott then went to Louisville MSD.⁶⁹ After working with him so long, they kept in touch. In addition, she kept in touch with Victoria Johnson with Jacobs Engineering which also did work for Cincinnati MSD.

She received a call from Victoria Johnson with Jacobs and Tony Parrott during which they said that TARC was their local transit authority, and the Executive Director needed some help getting a handle on understanding his finances. This was probably at the end of 2018. Parrott asked Witness 1 if she would be willing or interested in discussing with the TARC Executive Director what she could do for TARC.

At that time, a meeting was set up with Witness 1, Parrott, Risco, Johnson and Jeff Dingle. They met January 30, 2019, at Brendon’s Catch 23 in downtown Louisville. At the same time, Parrott and the Louisville MSD were hosting some kind of conference symposium.⁷⁰ She advised that is how she came to Louisville and that she had no knowledge of TARC or Risco prior to that time.

⁶⁸ Witness 1 provided copies of messages between Witness 1 and Risco; these messages included discussions with others involved in this case which provide greater clarity. *See* Exhibit 19.

⁶⁹It should be noted that in 2016 the Ohio State Auditor conducted a forensic audit of the Cincinnati MSD looking at financial improprieties while Parrott was its Executive Director. The audit report disclosed numerous deficiencies that included questionable sole source contracts and other improprieties. Witness 1 was referenced in this audit as one of these sole source contracts. Ironically, Witness 1 obtained a sole source contract with TARC approved by Risco shortly after this introduction to her.

⁷⁰ When Parrott was interviewed, he recalled the conference being the 2019 “Can You Dig It” by which MSD highlights upcoming opportunities to do business with MSD.

During this initial meeting, Witness 1 came away with the feeling that Risco did not have much of a filter when he spoke. She gave as an example a discussion between Parrott and Risco in which they joked about what one should give a mistress for Christmas.

Later that evening, Risco texted Witness 1 to see if she had gone out drinking following the dinner meeting apparently wanting to join her if she had done so. She responded that she had not.

The next evening a dinner meeting was held at Jack Fry's Restaurant in Louisville. Risco encouraged Witness 1 to download the app called "Signal" which is an app by which a person can send a message, but it is deleted after a certain period of time. Witness 1 mentioned to Jeff Dingle, who she had dated in the past, that Risco seemed very aggressive meaning that he seemed to be suggesting things that seemed inappropriate for the two of them just having met.

Risco told her he was an advocate for small businesses like hers and, especially, minority-owned businesses. She believed his comment suggested that she might have an opportunity to get business from TARC. After she got back home to Texas, Risco contacted her and talked about a need for financial improvement at TARC. They discussed a contract for \$30,000 for a three-to-four-month period. Witness 1 told Risco she'd take a ten percent discount if the contract amount was paid in a lump sum. Risco invited her back to Louisville to attend a TARC Board meeting so the board members could meet her. He told her, however, that she could not wear her hair braided because it looked "too ethnic." As her involvement with Risco increased, she came to learn what he wanted his women to look like – he wanted them to wear their hair in a certain way and overall look a certain way.

Following the board meeting, Risco asked Witness 1 what hotel she was staying at. She told him the Galt House. Risco suggested that they go have a drink together which they did. After having a few drinks at the Galt House, Risco stated he wanted to walk Witness 1 back to her room. It was apparent that he wanted to have some type of sexual activity with her. She told Risco that she was on her cycle but he responded that it was no problem to him. That evening they only had oral sex. The next night Risco came back and was quite assertive with her and despite the fact she was on her cycle, they did have sexual intercourse. Witness 1 noted that Risco is a big guy and that she felt like she needed to comply with his request because she felt intimidated by him.

After the sexual encounter, Risco got up and said he needed to facetime his wife. The next day Witness 1 attended meetings with Risco and he acted like nothing had happened the night before.

Witness 1 noted that Risco was the type of person who expected you to respond to texts and calls immediately.

The next day Risco was texting Witness 1 using the Signal app. During this text session, she mentioned that “I’m not the mistress type.” He responded, “You should just take the ride.” In April 2019 at a conference held in Dallas, Risco had a suite at the Ritz Carlton Hotel. In addition to Risco, Witness 4 and Witness 10 attended the conference. Risco stated to Witness 1 that they were going to have a pregame conference in his room. When the three females arrived in his room, he said to them if you cross this threshold into my bedroom, you’re likely to get “f...ed.” During this meeting, Witness 10’s husband texted her. Risco noted that Witness 10 had taken her wedding ring off and he commented, “Looks like she’s ready,” alluding to her now being available for sexual activity.

Attending this conference was a person named Lee Green who had obtained a contract with TARC but, according to Witness 1, did not do anything. Witness 1 mentioned to Green that Risco made inappropriate comments and needed executive coaching because of the way he conducted himself. At the end of the meeting for the day while walking back to her hotel room, Risco pushed Witness 1 against the wall and tried to sodomize her. She described it as rather violent and that Risco seemed detached and didn’t seem to care that she was upset. Risco did complete the act and didn’t seem to care that the event was not consensual. The next day Witness 1 found a way not to connect with Risco or the other members of TARC.

The next occasion in which Witness 1 interacted in person with Risco was in May of 2019 when TARC hosted the Mobility Conference for the American Public Transportation Association (APTA). This event was held in Louisville from May 17th through May 22nd. On May 19th, Todd Mason of Colonial Life had set up a dinner at which Witness 8 was present along with India Rogers. During this dinner Risco mentioned that he was dissatisfied with a TARC employee named Witness 4. Witness 1 listened to Risco’s discussion about Witness 4 and stated that he should just fire her. Witness 1’s comments seemed to embarrass Risco. This dinner meeting was held at the 8Up Restaurant in Louisville, Kentucky. At the conclusion of the dinner, Risco was upset with Witness 1 for embarrassing him in front of Witness 8. Risco sent

her a very long text stating that Witness 1 had embarrassed him. He then called her and was crying and very emotional.

The next day Risco was scheduled to be the keynote speaker for the conference. In preparation for his presentation, Risco became upset that the equipment for his presentation was not working. Once again, he broke down and began crying. Witness 1 stated that it was apparent that Risco vacillated between being a bully or a little boy. Witness 1 described him as being very predatory. In her consulting services, she has “never seen anyone like him and his emotional outbursts.” She spent much of her time with Risco coaching him on professional and executive conduct. Witness 1 also noted that Risco appeared to enjoy the limelight and seemed to get an adrenaline rush from being the focus of attention.

During a break in the conference, Risco said to Witness 1 that they should go get a drink. They went to a bar described by Witness 1 as a “gay bar.” After being in the bar for a short period of time, Risco commented that there were “too many faggots in here” and suggested that they go to Witness 1’s room at the Galt House.

When they got back to her room at the Galt House, Risco suggested that they have sex as it would help to calm him down. Witness 1 noted that as a consultant she was concerned about being marginalized or minimalized in front of other people at conferences like the one that was occurring in Louisville on this occasion. Risco seemed to use this concern to manipulate her and other employees. She noted that these conferences were an opportunity for her to cultivate other new clients and she did not want to “blow the opportunity.” She further stated that, “I may see another client and don’t want Risco to ‘ice me out’.”

During this conference, Risco was fueled by the attention he was receiving. He liked being around good-looking people and successful people. He enjoyed having Witness 10 and Witness 1 with him as he met people at the conference. This conference came shortly after Risco had been appointed Executive Director. Witness 1 noted that when he was promoted to the Executive Director position, she could see a shift in Risco and he commented to her that, “Now I’m in power.”

Shortly thereafter, Risco asked Witness 1 to be on an interview panel to hire an Assistant Executive Director. Witness 1 noted that a lot of people at TARC did not have much management experience and she believed she helped raise the professionalism at TARC. One of the candidates for this position was a person named Randy Frantz. Risco seemed excited about

being able to hire someone. Frantz was Risco's preference for the position. Witness 1 also thought he was the strongest candidate. Although Frantz was a strong candidate, Risco seemed to like the fact that he did not have transit experience or lacked transit industry knowledge so that he could control and manipulate the new employee. Frantz had worked at General Electric and the Jefferson Public School System.

Risco seemed enamored with controlling "white boys." In June of 2019, Frantz sent out an email about key performance indicators. Risco was upset that Frantz sent the email out to the Staff. Risco and Witness 1 went to the Brown Hotel where Risco once again became emotional and said he needed a drink.

Following this activity, Witness 1 stated that she was going to take an Uber back to her hotel in the NuLu area of Louisville. Risco became upset by her desire to take an Uber and directed her to get into his TARC vehicle. When she sat down in the vehicle, she was having trouble getting the seatbelt fastened. Risco said, "Put on your 'GD seatbelt'." Witness 1 responded, "Who do you think you're talking to?", to which Risco responded, "I'm talking to you, bitch." This argument ensued while they were driving down 4th Street in Louisville with the windows down on the car. Risco yelled at her that, "You give me more problems than anyone I've ever dealt with." At this point in time, Witness 1 got out of the car while he continued to yell at her. She recalls him yelling out the window to her, "You incompetent bitch!"

Witness 1 sent a text to Witness 10 about the situation and Witness 10 responded with a question, "Are you okay?" Witness 1 walked from 4th Street towards her hotel in NuLu. She remembers walking past a lot of homeless people as she walked back to her hotel. Witness 1 lamented that she was here in Louisville trying to do her job, yet she was having to deal with the emotional outbursts and demands of Risco. The next morning, which was a Sunday, she went to church with Witness 10.

On Monday, Witness 1 went to work at TARC. Risco did not speak to her during the day. On Tuesday, Risco wanted to meet with her before she left to go back home. Risco suggested that they go to his apartment where he apologized. Witness 1 stated that she had never had anyone talk to her like that personally or professionally.

The next personal encounter with Risco was at a conference in Tampa in July of 2019. The conference was entitled Conference of Minority Transportation Officials (COMTO). The conference was held from July 12th through July 16th. During this conference, Risco was "glued

to Witness 1 and Witness 10.” A participant at the conference named Pam, last name unknown, commented, “You are Risco’s entourage like Charlie’s Angels.” Witness 1 was upset being reduced to this description. During the conference, Witness 1 encountered Wayne Robinson from New York who was a former Army officer. In a discussion about Risco, Robinson commented that he did not think Risco was a former Army officer.⁷¹

Throughout the conference, there were times when Witness 1 was able to break away from Risco. She stated that she and Witness 10 did not want to have to listen to him talk about women he has had sex with. Risco became upset that Witness 1 was not spending more time with him and called her and stated that they needed to meet to discuss her contract with TARC. She went to his room and rather than discuss her contract he pulled up her dress and initiated sexual intercourse with her. Witness 1 was tremendously upset about this stating that she had worked so hard to make a name for herself and a reputation and this is what her life had become. Witness 1 described herself as being very disgusted with Risco but worried about losing her contract. Witness 1 told Witness 10 about this and Witness 10 responded that Witness 1 should go talk to Risco.

In September of 2019, Witness 1 along with Risco attended the Annual Legislative Conference of Congressional Black Caucus in Washington, D.C. Witness 1 stated that this was a “big stage” for Risco and that Risco was feeling empowered by his participation in this event. During one night while attending the conference, Risco sent 34 emails or text messages to his Staff between midnight and 5 a.m. Witness 10 was very upset about this the next morning. Witness 1 told Risco that he should not have send emails or texts like that because he is creating a hostile work environment. He yelled at Witness 1, “You’re always criticizing me.” This occurred at the Conrad Hotel in Washington, D.C.

Risco’s emotional outburst occurred in a public restaurant area. Malik Yoba, a black celebrity, was nearby and observed what was happening. He walked over to the table when Risco had stepped away and stated, “As a black man, I could see what was happening.” He stated to Witness 1 that he saw her shrinking as Risco was getting bigger. Yoba stated, “I’m going to intervene and invite you to my table.” When Risco returned, he became upset that

⁷¹ A request for Risco’s complete military records was made to the U.S. Army Human Resource Command at Ft. Knox, Kentucky, which maintains records of Army veterans. As of this writing, a redacted copy was provided indicating Risco served 5 years in the Army and left at the rank of lieutenant. Exhibit 7.

Witness 1 was spending time with Yoba. He remarked that, “Everywhere I go, everyone wants to ‘F... Witness 1.’” Risco was jealous about Yoba’s attention to Witness 1.

During the same occasion, a woman named Carmen, who was a transvestite, walked up to them. During an offhanded discussion, there was some question raised how one can tell whether the transvestite person is a man. Risco responded, “When it doesn’t fit, turn it around.”

Risco did not attend the Congressional Black Caucus Conference programs. Witness 1 stated Risco loved being seen and appeared not to be used to money or celebrities.

In October of 2019, Witness 1 and Risco attended the American Public Transportation Association (APTA) Conference held in New York City. During this conference, Witness 1 stayed in a room with Witness 10. Witness 1 went to dinner one evening with Malik Yoba while attending this conference. Risco became very upset about this. He was also upset that Witness 1 did not want to do things with him. Witness 1 noted that after the way Risco had acted at the Tampa conference she was not going to capitulate to his demands which made him upset.

In October of 2019, Witness 1 started dating someone and Risco seemed to escalate his retaliation against her. He called her on an occasion and stated, “The board is asking why we need a contract with you.” This conversation occurred after the board had authorized a contract approximately one month after the October conference. After Witness 1 developed a boyfriend, Risco had Witness 1 report to Randy Frantz. Shortly after taking over this responsibility, Frantz asked her what she had done over the past year.

In January 2020, Witness 10 encouraged Witness 1 to “take one for the team.” Witness 10 noted that Witness 1 controlled Risco’s moods. Witness 10 tried to manipulate Witness 1 because it helped Witness 10 with her relationship with Risco. Witness 10 noted that how Risco’s relationship with Witness 1 was going influenced how he interacted and behaved with TARC employees—when the relationship was going well, he treated TARC employees better.

Throughout her relationship with Risco, both Randy Frantz and Witness 10 would oftentimes go to her asking her to speak to Risco about issues since Witness 1 had such a close working relationship with Risco.

Toward the end 2019, Witness 1 had conversations with Frantz about her contract and deliverables. She had had an extended conversation with Frantz around January 2020 about the hostile environment and that she felt like this demand for deliverables was retaliation because it was coming out of nowhere. She stated she talked to Frantz about some of the challenges and he

responded, “Well you know Risco’s going to be Risco.” She added that Frantz had witnessed a lot of the off-color jokes. Witness 1 felt like she was a target of Risco’s because she had a boyfriend and wasn’t spending time with Risco. She stated they had this thing where, in her observation, they would pick whom they were bullying.

Regarding Witness 10, Witness 1 stated that after having a meeting with her attorney, Thomas Clay, at which Witness 10 was present, Witness 1 received a text message from Witness 10 that stated, “Thought you were my friend and that you cared about me.” Witness 1 stated that there are big issues with TARC management. She stated that Randy Frantz and Witness 10 watched her be bullied by Risco.

Witness 1 also noted that Todd Mason from California served in the military with Risco and was a 25-year friend of Risco. Mason had noted at one time that he thought weight was an issue for Risco and the reason he got out of the military. Witness 1 believes that Mason was awarded a contract with TARC and gave a \$10,000 kickback to Risco for getting the TARC contract. The money may have been paid to Risco’s wife.⁷²

Witness 1 noted that although Risco was paid well there were times when he did not seem to have enough money. Witness 10 referred to these occasions as “dry begging.” Witness 1 believed that Risco had three children in college and two houses, and he wanted to give the appearance of great wealth. Witness 1 oftentimes paid for the meals when they were out with Risco. Witness 1 would then be reimbursed for travel costs from TARC. Witness 1 believed that Risco spent to the limit of his TARC credit card. On one occasion he claimed that the credit card had been stolen but Witness 1 believes it really had not been stolen.

Witness 1 also again referenced a check for \$6000 to Lee Green who she did not believe did any work for TARC. She had also heard that another company got a \$25,000 contract with TARC but performed no work.

Risco was very intentional about when he shared power with people. He used the ability to isolate and compartmentalize people to control them.

Witness 1 was on an interview panel when Witness 5 was interviewed for a position at TARC. Risco did not like her because she was too dark skinned and “fat.” Risco also did not

⁷² During this investigation, discussions were held with Metro Council’s legal counsel about obtaining Risco’s and his wife’s bank records. At the conclusion of this discussion, it was decided to forego this investigative path for various reasons to include deferring to law enforcement authorities and not delay the end of the investigation.

like her hair. Witness 1 thought that Witness 5 was the most qualified for the position. Instead, Risco promoted Witness 10 because she fit what he desired and referenced what she called the “paper bag test” (reference to the color of skin).

Risco seemed to prey on single moms like Witness 1 and other female TARC employees. Witness 1 noted that she had one income and depended on the TARC contract. Risco wore her down and she was afraid to break away for fear of losing the contract with TARC. Risco would use off-color descriptions of some of the TARC employees. He referenced Witness 4 as “brisket pussy” meaning tender.

Witness 1 also noted other perceived improprieties about Risco. She cited an instance when Risco was supposed to be in Washington, D.C., to meet Senator Mitch McConnell but did not make the trip claiming that he had had an accident. Witness 1 believes that Risco was simply hung over and missed his flight.

Witness 1 also believes that Risco was always trying to enrich himself. She believes moving of the Para-transit contract to another company was done so for inappropriate reasons. She suggested that that contract deal be looked at very carefully. She also questioned the propriety of a contract with the Colonial Insurance Company. Witness 1 noted that many of these contractual arrangements changed after Risco took over at TARC.

It was Witness 1’s opinion that Barry Barker had a lot of power when he was the Executive Director at TARC and that TARC lacked checks and balances; but Barker didn’t abuse his power and so the lack of checks and balances did not create the problems that it did under Risco. She stated that Risco took advantage of the broken system at TARC. She noted that Cedric Powell of the TARC board may have known about Risco’s activities but turned a blind eye. It was her opinion that the board should have known what was going on at TARC. She believed that there is no system in place to say anything about mismanagement or inappropriate behavior. Witness 1 stated that she did go to the board meetings but she didn’t have rapport with any of the members. She never had a speaking role.

She also noted that Risco looked down on union and hourly employees and believed that they lacked sophistication. Risco was upset that the union was against him. Risco seemed to like yes people and people he could easily manipulate. If Risco did not like a person, Frantz would act on those sentiments and act hostilely towards the employees of Risco’s disdain. When Risco would make an inappropriate statement, such as when Risco would cough and he would

make an offhanded remark like, “Got some bad cooter, got hair in my throat,” Frantz would laugh.

Risco would oftentimes remind Witness 10 and Frantz about how much they were being paid as a mechanism to manipulate them.

Witness 1 mentioned that an employee by the name of [REDACTION #1] was terminated for having a sexual relationship with a person named Witness 2. Risco fired [REDACTION #1] because he allegedly had “zero tolerance for sexual harassment.” Risco also did not want to promote Witness 2 because she was “tainted.” Witness 1 stated that the culture involving women at TARC was highly inappropriate. Referencing [REDACTION #1], she stated that he seemed to be a polite professional but that Risco had used [REDACTION #1] to get into a black executive’s group in Louisville. She also noted that Risco took advantage of black women.

She mentioned that Risco kept Witness 4 on as an employee because she knew people in the mayor’s office. Witness 1 believes that TARC receives at least \$70 million from the federal government and that some of the activities that she observed discussed during the interview may have involved some of those federal funds. Finally, Witness 1 noted that Witness 10 was the liaison to the board and, obviously, Witness 10 knew of Risco’s behavior but did not report it to the board.

Witness 1 stated Risco was 6’3” and an imposing man. He yelled, he screamed and frightened employees they could be fired. She stated he’d give you examples or he’d send you a text about what happened to people who didn’t do what he wanted to further his intimidation.

Risco sent Witness 1 many sexually explicit text messages and pictures. She provided a copy of those messages and picture.⁷³

Witness 1 was of the opinion Risco was “just a pathological liar” because often she and Witness 10 would compare what he had said to each of them and there would be completely two versions of the story. They both also noticed that if Risco did not like someone, Randy Frantz didn’t like them either. She observed that Frantz would not speak up if Risco was saying something inappropriate. She stated Frantz would be right there seeing some of Risco’s inappropriate behavior but not do anything. People in the organization started “calling them

⁷³ Exhibit 19.

Frick and Frack because you couldn't separate the two." She stated you knew if Risco was upset, Randy was right there and you really felt like there was nowhere to run, nowhere to hide.

WITNESS 2

Witness 2 was contacted by [REDACTION #1] about a job opening at TARC. She had taken a class at University of Louisville taught by [REDACTION #1].

When Witness 2 began her employment at TARC, [REDACTION #1] was the Director of Marketing. He also had a company called [REDACTION #2] Advertising Agency. It was a public relations business. When Witness 2 was hired, she worked under [REDACTION #1]. He frequently had her doing work for his personal businesses. He had her preparing brochures and flyers for him for his private business.

Her duties at TARC included working on graphics, social media, event planning and to help with marketing matters.

After being hired, she had a conversation with [REDACTION #1] about her salary which she thought was going to be \$60,000. After Risco was hired, [REDACTION #1] had Witness 2 compose an email to Risco asking for a pay raise.

After she was hired, Witness 2 observed [REDACTION #1]'s behavior towards employee Witness 5 to be unprofessional. She told [REDACTION #1] he needed to be more pleasant and cordial towards her. She believes that [REDACTION #1] saw Witness 5 as a strong woman who would set boundaries. Both Witness 5 and Witness 2 were employees under [REDACTION #1]. [REDACTION #1] found it easier to go to Witness 2 because she did not have as strong of a personality as Witness 5.

At one time Witness 5 was asked to pose for a picture in front of a bus which was taken in front of a pole. [REDACTION #1] made an offhanded remark about the pole referencing strippers using poles at nightclubs. Witness 5 very firmly told him she wouldn't pose as requested and that she didn't find what he said humorous.

[REDACTION #1] would take Witness 2 to various meetings instead of his assistant. Witness 2 stated that she was often taken to business meetings that she really did not need to attend. She recalled an event held at the Funds for the Arts in March of 2019 as an example.

In the summer of 2019 during the months of June or July, President Trump made a visit to Louisville. At about that time, [REDACTION #1] made a reference to a website called Ashley Madison which was a site for married people to find others interested in pursuing infidelity. [REDACTION #1] used that reference (Ashley Madison) to bring up the topic of infidelity. He referenced another girl as his work wife. She recalled this incident because she was on a project to provide signage for detour of TARC buses during the Trump visit.

In September of 2019, Witness 2 accompanied [REDACTION #1] to Indianapolis to meet with IndyGo (Indianapolis public transportation entity) officials. The purpose of the trip to visit with IndyGo officials was to determine what they did for marketing. At the time, Risco wanted to use an outside company called NIMBUS. Originally, the trip was to be an up-and-back-in-one-day trip. On the day of the trip, [REDACTION #1] told her that the trip had been approved for an overnight stay and he had been approved to take his car and rent two hotel rooms.

When they arrived in Indianapolis, they met with the officials from IndyGo for about a two-hour meeting. At the conclusion of the meeting, the IndyGo officials stated that they did not deem it necessary to use an outside marketing firm. [REDACTION #1] and Witness 2 agreed to convey that information to Risco when they returned. They also planned to meet the IndyGo officials for dinner that evening.

At the conclusion of the meeting, Witness 2 and [REDACTION #1] went to the hotel. The two of them got onto the elevator and went to the fourth floor of the hotel. When they got to the fourth floor and went to the room, [REDACTION #1] informed her that they only had one room and they would be staying together in the hotel room. Witness 2 panicked and thought to herself, "What am I going to do? Who am I going to call?" There was only one bed in the room, and she felt extremely uncomfortable.

A short time later, [REDACTION #1] said he had to go to the store. He came back with Margarita mix and Tequila from the store. He encouraged her to drink. He kept filling up her cup. Although they were supposed to meet the IndyGo officials for dinner, [REDACTION #1] said that the officials had canceled the meeting.

Witness 2 and [REDACTION #1] then went to a hamburger restaurant close to the hotel. When they got back to the hotel, [REDACTION #1] said to her, “We don’t have a normal relationship.” He kissed her and then began to initiate sexual contact with her. He then laid her back on the bed and had sexual relations with her. She believes the trip was on September 20th. Witness 2 does not specifically recall what happened when [REDACTION #1] initiated the sexual contact as she’s tried to block out the event in her mind.

The drive back to Louisville was extremely uncomfortable with no discussions regarding the prior night. However, when they returned to Louisville, [REDACTION #1] started to shun Witness 2. When they got back to Louisville, they were supposed to attend a Pride event. [REDACTION #1] told Witness 2 she did not need to go even though she felt it was part of her job responsibilities and did go. [REDACTION #1] left the event when Witness 2 arrived.

During her employment at TARC, [REDACTION #1] also would look through her phone and look at pictures on her phone which she found improper. He would also tell her in code what she needed to wear to work with the code H2, H3, indicating types of heels that she was supposed to wear.

Sometime later, as it was approaching [REDACTION #1]’s birthday, he told her that, “I’m going to get us an RSVP for my birthday.” This was code for getting a hotel room. Witness 2 responded, “I’m not going.” Witness 2 then went to Witness 10’s office and asked her, “How do you stop this??” Witness 2 did not get any help from Witness 10 at this time. A short time later, Witness 10 who was then the chief of staff called her back to discuss the matter. Included in that meeting was Witness 4 who was the Director of Diversity and Inclusion.

She told both Witness 4 and Witness 10 what had happened. About three weeks later, [REDACTION #1] was very quickly escorted out of the building. He was required to sign a nondisclosure agreement. Witness 4 took the nondisclosure to Risco who told her to tear it up. Witness 4 told Witness 2 that there was no record of what had happened to her. Witness 2 then obtained a lawyer to assist her with the matter. Witness 2 left TARC in August 2020. She received one-year’s severance pay in the amount of \$57,000 plus paid out for her vacation time. Her attorney received \$11,000 of that money.

After Witness 2 had reported [REDACTION #1]'s behavior to Witness 4 and Witness 10, Witness 4 later came into Witness 2's office and said, "You can walk your statement back." indicating that she could withdraw her complaint against [REDACTION #1]. After [REDACTION #1] left, two people were left in the department who were Jeremy Priddy and Witness 2 and at that time, Witness 5 who became Risco's assistant.

During her tenure at TARC, she described the environment as fraternity like. There was frequently cursing in the meetings. Risco would walk up to her and say, "Who are you?" He did this because Witness 2 frequently wore different wigs to work. At times, Witness 10, Assistant Director Frantz and Jeremy Priddy would also make the same remarks to her which she thought were very inappropriate.

It was Witness 2's opinion that Witness 4 was not doing her job and that people did not feel safe going to her with complaints. After the termination of [REDACTION #1], Kim Blanton, Human Resources Director, came to Witness 2 and said, "Thanks for being so good. This has been one of the quietest investigations." She believed this was Blanton's way of saying that the incident involving [REDACTION #1] had been kept secret within the organization. With regard to the Assistant Executive Director Frantz, he always left the impression that you needed to do better or you would get fired.

Witness 2 always felt like she was going to be fired. She received constant questioning about what she was doing. She found Frantz to be demanding and aggressive. She observed joking between Risco and Frantz during which they called Witness 4 a liar. Frantz would laugh about those comments. Frantz and Risco had a propensity of tearing down employees. She found the overall environment at TARC to be very toxic.

She also noted that the ex-Communication Manager made racial jokes. When he was scheduled to go to an Urban League event, he made a comment, "Will I be safe there?" This was a reference to black people being criminals. On another occasion, she had made reference to a gym close to TARC and the ex-Communication Manager responded, "Do I need to hide my wallet if I go there?" The ex-Communication Manager had access to all Risco's social media.

WITNESS 6

Witness 6 retired from the Army as a Sergeant First Class. She received a Psychology Degree from Campbell University and a Counseling Degree from Webster University. Witness 6 entered into the Army when she was 24. She completed 20 years of service with the Army. She retired out of Fort Knox.

Toward the end of her career, she participated in a program for senior officers. This program provided opportunities for retiring military persons to obtain experience in the civilian workforce. The goal of the program was to help retirees to transition to civilian life. TARC was one of the agencies that had agreed to participate in the program.

Someone from TARC reached out to Witness 6 to see if she would be interested in an internship with TARC. Her initial formal contact was a call from Risco who called her to come in to be interviewed. Witness 3 was Risco's assistant at the time. She was initially interviewed by Risco, the Director of Human Resources (Kim Blanton) and the Director of Diversity and Inclusion. Following the interview, she received an email from Risco congratulating her on being accepted into the internship with TARC. Witness 6 underwent the interview during the summer of 2018. She was initially hired as an intern in June 2018. The internship was during the months of June and July of 2018. She was later hired into a fulltime permanent position on August 6, 2018.

Risco told her he was looking to create an executive assistant position. He told her that he had served ten years in the Army and was medically discharged. During her employment under the internship program, her title was Chief of Staff/Fellowship. Her role was to get to know all the Directors at TARC and the projects in which they were involved. Risco wanted her to provide him insight on the different projects his Directors were handling.

During her internship, Risco acted in a mentor capacity. Risco took her to various board meetings in Louisville to acquaint her with people in the city. Early on in her internship, she found Risco's relationship with her to be too personal. She noted that he had a "potty mouth." He often talked to other employees not as a boss. He would share more of his personal life with her than she thought appropriate.

Before she began her internship, Risco sent her several text messages. She recalled one text message in which he stated that she should come out to join him and others who were out at a bar one evening. Witness 6 was reluctant to comply with his request. She replied to Risco that

she was busy at present. He responded that “when you’re done, text me.” Around 11 p.m. that night, she sent him another text stating that she was done with her work. He responded, “I’m still out, come out.” Witness 6 declined his offer. Witness 6 stated that she had actually looked for other employment before being hired by TARC because of Risco’s behavior prior to being hired to a permanent position.

After she was hired by TARC in the internship program, Risco went to then-Executive Director Barry Barker asking to create an Executive Assistant position. Risco stated that he needed help with the Directors while he traveled to attend conferences.

Witness 6 was hired as a permanent employee as Chief of Staff for Risco on August 6, 2018. Risco stated he needed her to monitor and manage major projects while he was gone. He wanted her to make sure the Directors were moving projects along. It was Witness 6’s responsibility to keep him informed about what the Directors were doing and the progress on projects to which they were assigned. Witness 6 was initially hired at a salary of \$75,000. At the time, Risco briefed the board on his need for an assistant but Barker did the initial hire of Witness 6. Witness 6 noted that at the time it seemed that Barker was allowing Risco to run TARC in preparation for Barker’s departure.

She observed that soon after being hired on a permanent basis, Risco’s behavior quickly went from professional to inappropriate. In September 2018, Witness 6 accompanied Risco to an APTA conference in Tennessee. Risco told his assistant, Witness 3, to make reservations for him and Witness 6. Risco took a TARC vehicle to the conference. Witness 6 rode along with him in the TARC vehicle. She noted that Risco seemed to travel to conferences three to four days before a conference. On this occasion, Risco drove to Nashville two days prior to the conference.

While in the car he made several inappropriate sexual comments. He stated, “We’re going to be working closely” and then said, “I assume you’re wondering if I wanna ‘F... you.’” Witness 6 was dumbfounded and speechless by this comment. Risco also stated, “I know you like white men.” Witness 6 assumed that comment came from information she had shared with Witness 3 about her personal life. At the conference, Risco stated, “You need to stay close to me because you’re going to be ‘fresh meat.’” Again, Witness 6 was dumbfounded by this comment.

At breakfast the following morning, Witness 6 sat with Risco. He was upset and stated his wife was on the way to Nashville. Risco stated, “She’s going to follow me.” He explained

how miserable he was in his marriage. Witness 6 noted that these random comments were made throughout the conference and other times when she was with Risco. At lunch, Risco talked about his conquests in college. He observed that he was overweight in college and that “little did the girls know he wanted to F... them.” Risco went on to say, “All women around town want to F... me.” While in Nashville, Risco also told Witness 6 that he “likes pussy” and “how it tastes.” She found all these comments troubling and extremely offensive.

One evening during the conference, Risco stated that he needed Witness 6 to meet with some contractors with whom TARC might do business. She thought that the meeting was going to take place at the bar where the conference was being held but Risco told her it was at a bar somewhere else in Nashville. It turned out to be some country western bar. Witness 6 stated that there was much drinking going on. Throughout the evening, Risco would make remarks about girls in the bar that he’d like to “F....”

On the way back to the hotel, Risco told the Uber driver to stop at a pizza place. Risco then told Witness 6 he needed a Louisville girlfriend who would have the same risk of losing her career as he would. Witness 6 responded that she was not that type of girl. Risco continued to say that he needed a girlfriend to whom he could vent. Witness 6 interpreted this comment that he wanted her to be his girlfriend.

Throughout the conference, they attended expensive dinners. She also observed Risco and others drinking expensive drinks. She recalls at one time Risco and others drinking \$200 shots of some type of liquor she thought was Pappy VanWinkle. During these expensive nights out, there was no business discussed. She assumed Risco got reimbursed for these nights out.

Risco also made some offhanded remark that he waits people out, meaning he takes his time to get revenge against people.

Risco mentioned he “hated a bitch” because she accused him of sexual harassment. Witness 6 recalls that it was a white woman to whom Risco was referring. She also noted that everything seemed to be black oriented. She remembered him asking her if she knew how to “party with black people.” Witness 6 felt like a minority while employed at TARC. Early in her permanent position at TARC, Witness 6 brought in TRX straps which she used for her workouts. Risco saw this and stated, “I hit the jackpot hiring her because those straps look like a sex swing.” That comment was made in front of Witness 3.

Risco tended to let Witness 6 know that he knew everyone with the implication that she could not complain about his behavior. He had a reputation of hiring and firing people at will. Oftentimes people were fired with a two-sentence letter.

Witness 6 noted that there were no policies or procedures in place when she was hired for her permanent job. She also noted that Risco created two new positions, one for Witness 10 and another for Witness 7. Witness 6 participated in the interviews for these jobs. Previously, Witness 7 had applied for a Marketing Director position but Risco stated he was not going to participate in the interviews because he did not think she could do the job.

Witness 6 noted that Risco seemed to hire people with whom he had dealings in the past. One person he mentioned was an employee by the name of [REDACTION #1].

After Witness 7 had applied for the Marketing Director position, Risco concluded that she was not qualified for the job. Witness 7 asked if she could meet with Risco. Risco stated that he did not believe Witness 7 was qualified for the job. He mentioned that she was not talented. Yet, a few months later, he created a new position, one for Witness 7 and another for Witness 10. After these positions were created, Witness 6 asked Risco how he was going to measure the success of these people since there were no position descriptions or policies or procedures concerning their new positions. Risco had previously criticized Barker for his lack of policies while he was head of TARC. Both women received substantial raises that Witness 6 believed were close to \$40,000.

Witness 6 first reported Risco's inappropriate behavior to the compliance officer, Witness 4. She notified the compliance officer on March 8, 2019 about Risco's sexual advances and his inappropriate behavior. During this meeting with the compliance officer, Witness 6 was in tears. The compliance officer embraced her to provide comfort. After more than a month elapsed, Witness 6 went to the compliance officer to once again seek assistance. On Sunday, April 14, 2019, Witness 6 sent the compliance officer a message stating, "I need to speak to you again on Monday. It's important." Witness 6 provided a copy of her message that she sent to Witness 4.⁷⁴

The next day, Witness 6 asked the compliance officer to come to her office and to close the door. For a second time, Witness 6 discussed her concerns about Risco and asked the compliance officer about the complaint process and how her complaint would be handled and

⁷⁴ Exhibit 12

processed. Witness 6 noted that she had made a complaint two times to the compliance officer and yet nothing was done. She noted that she had read the report prepared by TARC which suggests that she only complained once in April of 2019.

Witness 6 recalled that March 8, 2019, was the day after a leadership retreat in Louisville held at the Louisville Leadership Office. She recalled that she attended a meeting late the night before and had asked Risco if she could come in a little bit late because she was out late conducting business. Risco belittled her in a text in which he stated, “You gotta be tougher in this role.”

When Witness 6 went to the compliance officer because of the compliance officer’s role, Witness 6 asked the compliance officer whether she could keep things confidential. The compliance officer stated that she would write the information in her personal phone but not on the internal TARC system to which Risco had access. The compliance officer told her at that time that others had complained that Risco was an “asshole.”

Witness 6 also stated that the day before she was fired, she went to her therapist at the Veterans Administration (April 16, 2019). Witness 6 provided progress notes from her therapist that indicated Witness 6 had previously been the victim of sexual abuse when she was a young girl and that she felt like she was being revictimized now as an adult. The statement to the therapist prior to her being terminated seems to support her statements concerning Risco’s behavior.

Witness 6 noted that when she went to the compliance officer on Monday, April 15, 2019, the compliance officer seemed to be more distant and said to Witness 6, “I got you.” On Wednesday, April 17, 2019, Witness 6 was scheduled to give Risco an update on projects. He told her that he needed to talk to her. She assumed the meeting was concerning the projects and her report concerning them.

That morning Witness 6 was meeting with Human Resources Director Kim Blanton about another employee’s use of personal days. Risco called and stated, “I need to talk to both of you.” When they went to his office, Risco stated, “I’ve lost all control of my authority. I’m terminating your position.” Immediately thereafter, Witness 6 was escorted out of the TARC building. All access to the building and IT technology was removed. She was not permitted to return to her office to collect her personal items. The security Staff packed her things. Witness 6 was shocked, surprised, and humiliated by the way she was terminated.

Witness 6 also had made mention of Risco's behavior to her therapist on October 25, 2018. However, she did not report the Nashville incident to TARC officials at that time because she did not feel there was anyone to whom she could report Risco's behavior. It was her impression that he knew everyone and that he was untouchable. Risco had told her that former Executive Director Barker had sought him out and that the board was very impressed by him. She was worried that she did not have sufficient proof at the time to report the matter and it would be her word against his. She observed that Risco seemed to build a protective cocoon around himself and that he took advantage of the laxity of reporting mechanisms within TARC.

She also noted that he seemed to have detailed information about her life. Witness 6 stated that she was unmarried and a single mom. Her son had died, and she had become the care provider for her grandchild. Consequently, she was fearful of losing her job.

She further stated that Risco was loud and abusive to female employees.

When Witness 1 was hired, Witness 6 was told that she was hired to assist Witness 6 with her job. However, Witness 1 only sat down with Witness 6 for one hour looking at a spreadsheet and never provided any further assistance to her during her employment at TARC.

On an occasion when a new payment system was being unveiled, Witness 6 rode the bus with Risco. During this occasion, he mentioned his various conquests--alluding to the women with whom he had sexual relations. At that time, Risco stated that he knows how to be discreet. Witness 6 believed this was once again his effort to set the stage for her to be one of his girlfriends. She observed that he would often undermine women.

Witness 6 also noted that when she was initially employed, Risco made observations that there were a lack of policies and procedures under former Executive Director Barker. Risco's initial opinion was Barker did not want too many policies that might create an avenue for drivers to cite and that he or other executives at TARC might potentially violate. Initially, Risco observed to Witness 6 that in the military there were many policies and procedures in place. Later in Witness 6's employment when she mentioned the lack of policies and procedures, Risco responded, "You're so institutionalized." and further stated, "I don't want things in writing."

When Witness 6 was hired, she received no onboard training, nor was she told to whom to report conduct like Risco's. She was never told to whom she should report violations by the Executive Director, and she felt helpless to get Risco's behavior stopped.

Witness 6 stated that she felt the environment changed when Witness 1 became involved with Risco. After Witness 1 was hired, there were many closed-door sessions to which Witness 6 was excluded. Risco seemed to be very rude to her and tended to undermine everything she was trying to do. Witness 6 stated that she later learned that Witness 1 and Risco had discussed her being terminated when they attended a conference in Dallas on April 12, 2019. Witness 6 was then terminated on April 17, 2019.

WITNESS 3

Witness 3 went to the University of Louisville Shelby Campus in 2018 and received a Project Management Certificate. She has worked as an administrative assistant for 15 years. Witness 3 was initially hired to be the administrative assistant for Alyce French Johnson who was the Assistant Executive Director for TARC. She was hired in August of 2016. When she arrived at TARC, the Assistant Executive Director had just retired. Witness 3 then served under the Executive Director Barry Barker through February of 2017. In February of 2017, Risco was hired to be the Assistant Executive Director.

The first time that Witness 3 met Risco was when he came to TARC for his job interview. He was not supposed to come to the TARC office, but he decided to do so anyway. Witness 3 then drove him to the interview location which was the Metro United Way office. This would have been in December 2016 or January 2017. On the way to the interview location, Risco stated that he came to the TARC office because he wanted to see the facility before his interview.

When Risco first started at TARC, Witness 3 had a conversation with him during which she offered to step aside if he wanted to select his own administrative assistant. At the time, Witness 10 was Barry Barker's administrative assistant. Prior to Risco being hired, Witness 3 did not contact anyone at MARTA to conduct any type of background investigation of him.

Sometime after Risco was hired, he confided in Witness 3 that he had controlled female employees at MARTA much like he was doing at TARC. He explained to her that he would tell his female subordinates that, "You do this, and I'll do that for you." And if people did not comply, then he would minimize them or find a way to terminate them. Risco boasted that while at MARTA when he did this and offered to provide pay increases to people the money did show up and the people kept quiet because of the money they received from Risco.

Witness 3 thought that whoever served as Risco's assistant in Atlanta while at MARTA might be able to provide insight into his behavior while he was employed by MARTA.

Risco also told her that he had met someone in San Diego by the name of Barbara Gannon who suggested that he meet with Barry Barker and explore employment opportunities with TARC.

Witness 3 recalled making binders for all the people who had applied for the Assistant Executive Director position in 2016. Initially, Risco's name was not among those selected for interviews. Later, Witness 3 was directed to prepare a binder for Risco.

Witness 3 described Risco as being overbearing, nasty, inconsiderate, insensitive, cold, and a narcissist who used profanity frequently.

During Witness 3's tenure as Risco's administrative assistant, he would frequently ask her to go to dinner with him or to go get drinks. Towards the end of the business day, he would often say, "Where we going to have dinner or drinks tonight?"

Witness 3 witnessed Risco attempting to solicit several employees at TARC for sexual favors. The names given were Witness 7, Witness 11 and Witness 6. Witness 11 had told Witness 3 that Risco wanted sexual favors from her. Witness 3 told her, "Report it if you need to but I don't think they'll do anything about it." Witness 3 said that all persons affected by Risco were in fear that if they said something, they would lose their job. She went on to say that most of the female employees were single moms who needed their jobs with TARC.

Witness 3 recalled that when Witness 6 was hired as Risco's assistant, Risco's wife got mad at him and allegedly said, "You got yourself another Latino." Risco wanted to promote Witness 6 to the Chief of Staff position and pay her \$75,000. Witness 6 was an Army veteran who had been initially hired through an internship program. She was hired at the same time that Wanda Henderson and Brian (last name not recalled) were hired.

When Witness 6 came to TARC, she was very happy and excited to be employed at TARC. Soon after the first dinner outing with Risco, Witness 6 told Witness 3 that she did not think she could handle the situation with Risco. Witness 3 recalled Witness 6 once saying to Risco, "I don't date black men." Risco's response was, "You will." She recalled a trip in which Witness 6 went to Nashville with Risco. Risco came to her room but she would not let him in. She did not capitulate to his overtures to have sexual relations with him while in Nashville. The drive back was uncomfortable according to Witness 6 as related to Witness 3.

Witness 3 noticed a significant change in Witness 6's behavior after the Nashville trip and Witness 3 asked Witness 6 why. Witness 6 responded that she thought she needed to quit. After Witness 6 returned to Louisville, Risco's behavior towards her changed. He started to mistreat her and yell at her for her work performance. Witness 3 said this was consistent with the way Risco treated other people who had not capitulated to his overtures. Ultimately, Risco fired Witness 6. He told Witness 3 that Witness 6 was fired because she wasn't doing her job. Witness 3 responded that she knew Witness 6 was doing her job.

After Witness 6 was fired, the Director of Inclusion and Diversity, Witness 4, told Witness 3 that Witness 6 had reported the Nashville incident to her prior to being fired. Witness 3 believes Witness 6 was fired because she declined Risco's sexual overtures.

Witness 3 stated that Risco was attracted to a female employee named Witness 7. Witness 7 told Witness 3 that she told Risco "no" many times. She also told Witness 3 that his overtures became overwhelming. Witness 7 had applied for the Marketing Director position but was not selected. She believes it was because Witness 7 did not acquiesce to Risco overtures. Later, Witness 7 was given a position as Director of Customer Experience and was given a \$10,000 raise. Witness 3 believes that she got the position and raise because Risco got what he wanted from her. Witness 3 also recalled a time when Risco said to Witness 7, "Witness 7, do you have those thighs out today?" This was but one of the many times Risco made inappropriate comments to female employees.

Witness 5 was another employee with whom Risco wanted to have sex. She initially refused but ultimately agreed. Both Witness 3 and Witness 5 were afraid to report the situation for fear of losing their jobs.

Risco told Witness 3 that he went to the Mayor's office to talk with Ellen Hessen about Barry Barker's Parkinson's. Risco said he suggested that the Mayor encourage Barker to retire. A short time thereafter Barker did retire. Witness 3 said that Risco became a "bear" after he took over as Interim Executive Director.

Sometime later, Risco told Witness 3 that "if they don't hire me as Executive Director, I will sue alleging that it is because I'm black." She also overheard a telephone conversation during which Risco stated that "there will be hell to pay if they don't hire me."

During Risco's tenure as Executive Director, there were spending irregularities. Witness 3 believes that the Director of Finance, Tonya Carter, was aware of these irregularities. Witness 3 once told Carter that "if you report it, I will stand by you."

Witness 3 stated that no one felt comfortable about reporting Risco's behavior to Witness 4 or Witness 25 (prior Director of Inclusion and Diversity). Employees told Witness 3 that they had reported matters to Witness 25, but nothing was done by her.

She believes Risco met Witness 4 at a nightclub in town. Witness 4 had no experience in equal employment or diversity matters. When Witness 4 was hired, Risco told the then Diversity and Inclusion Director, Witness 25, that he was hiring an attorney for her. After she was hired, Witness 4 kept telling Risco he needed to get rid of Witness 25.

Witness 11 was another employee with whom Risco wanted to have sexual relations. Witness 3 told Witness 11 she should report Risco's behavior. Witness 11 did not because she was a single mom who had recently moved to Louisville and needed the job. Witness 3 recalled an incident when Risco told Witness 11 that he "could take her sexually if he wanted." This incident occurred in front of Witness 6, Witness 3, Witness 11 and Witness 7.

After Witness 11 declined Risco's overtures, he began to treat her differently. She was no longer included in breakfast and lunch meetings. Risco shunned people who rebuffed him and marginalized the women who didn't capitulate to his sexual advances.

Witness 1 was a contract employee hired by Risco. Soon after she was hired, Witness 3 saw a \$30,000 check made payable to Witness 1, but no work was performed by Witness 1. On occasions, Witness 3 met Risco and Witness 1 for drinks. After observing their behavior, Witness 3 asked Risco if he was having sex with Witness 1 which he did not deny.

Witness 3 warned Risco that people were talking about him and Witness 1. She also warned him that people were talking about him and Witness 4. Witness 3 saw that Witness 1 continued to be paid large sums of money for doing virtually nothing. Allegedly, she was supposed to help Finance Director, Tanya Carter, but Carter told Witness 3 that Witness 1 did not do anything. Witness 3 believes that Risco may have received some of the money paid to Witness 1.

Witness 3 also recalled an incident shortly before Risco took a trip to Dallas. On this occasion, Witness 3 went to Risco's apartment to have drinks. Risco stated he wanted Witness 7

to go along on the trip. Witness 3 told him that Witness 7 could not go. Risco became very irate about her unwillingness to go.

One evening Witness 3, her husband, and Witness 7 went to Risco's apartment for drinks. At the end of the evening, Witness 3 and her husband walked out of Risco's apartment with Witness 7 right behind them. However, Risco slammed the door before Witness 7 was able to exit. Witness 3 knocked on the door and yelled to Witness 7, "you're not staying." Once Witness 7 exited the apartment, she told Witness 3 that Risco pulled out his penis and showed it to her after the door had been slammed behind them. Witness 3's husband confirmed this incident stating that he heard Witness 7 say, "he pulled his penis out." Witness 3 stated, "I saw the look of fear on her face." This incident happened at Risco's apartment located on the 4th floor at an apartment complex on Lexington Road.

Finally, Witness 3 recalled another incident when Risco had oral sex with another girl in his office. This occurred while Risco was Interim Executive Director. Witness 3 called the female employee later and said, "I can't believe you did that." The victim said, "I was afraid what would happen if I didn't."

There were friends of Risco who were awarded contracts with TARC—Colonial Penn Insurance (Todd last name not recalled) and Epic Insurance.

TARC did not provide on board training for her and not provide any policies for sexual harassment.

WITNESS 4

Witness 4 was hired by TARC in February 2019. She started working for TARC as its Diversity and Inclusion Director making \$80,000 per year plus benefits. TARC did not provide a job description or any training for her. TARC did not provide any policies for sexual harassment. Witness 4 continued to request training throughout her tenure at TARC.

In April 2019, she attended a conference in Dallas, Texas with Risco and Witness 10. After returning from the trip, on or about April 13, 2019, Witness 4 received a text on Messenger from Witness 6 to come to her office. She went to see Witness 6 on April 15 or 16, 2019. When Witness 4 entered her office she asked me how the Dallas trip was. She inquired about Risco's behavior on the trip. Witness 6 then told Witness 4 that Risco had been inappropriate with her on a work trip to Nashville. He was making statements about wanting a girlfriend while they

were alone in the car on a work trip to the APTA conference in Nashville. Witness 6 stated that Risco had become mean and unbearable to work with.

She also stated that Risco's assistant, Witness 3, had been pressuring her to be in a relationship with Risco. She stated that she had been going to see a therapist due to this behavior. Witness 6 told Witness 4 that she did not wish to file a complaint and that she had been removing her belongings from the office to her home. She planned to finish up APTA in Louisville and putting together COMTO and then she was going to resign in August.

That evening Witness 4 reviewed the procedures for complaints against the Executive Director. It stated to contact the board but was totally vague on the process and whether to do an intake form, what steps needed to be taken and what specific info was necessary. Witness 4 inquired that evening with a friend in the Equity field.

The following day Witness 6 was fired. Risco sent out an email stating her position, Chief of Staff, had been removed through attrition. That same day Witness 4 confronted Risco about Witness 6's allegations. Witness 4 informed him that TARC was exposed to a potential lawsuit if Witness 6 were to file a complaint or sought legal counsel. He told Witness 4 that the allegations were false and that Witness 6 and his administrative assistant were in cahoots to sabotage him. At the time, Witness 4 only had Witness 6's verbal statement which she thought was insufficient to initiate any action.

Risco became very cold and negative. On April 25 or 26, Risco gave Witness 4 her first one-on-one review. The review was a positive but Risco sent a follow up email stating that TARC was exposed and he requested EEO documents from her. He gave her deadlines and tasks to complete. That had never happened previously. Risco continued to be rude to her and began telling the Staff that she talked too much and could not do her job.

On one occasion while in the car going to meet the Executive Director of the American Cancer Society, Risco asked Witness 4 if the lady was pretty and if he would like to have sex with her before getting there. After the lunch while walking back to the car, he told Witness 4 that he had a "little dick" and said something to the effect of "that's why I like to eat the pussy."

On another occasion while in his office he told her that a consultant with whom Witness 4 had had a conference call used to want to sleep with him but that it was too late she had missed her opportunity.

After work at events in the community, Risco would see Witness 4 out and he would come up to her and whisper inappropriate things about the women in the room. He would put his hand in the small of her back.

Witness 4 said that Risco was a different person at work than in the community. He would rarely speak to her at work. He consistently scheduled then cancelled one-on-one meetings with her despite her telling him that she needed to have time with him to discuss something related to her department.

During her first few weeks at TARC, Risco had her download an app called Signal. He said she should use the app to communicate case sensitive information because he did not want to create a record in email form. She stated that “on more than one occasion he yelled at me about discussing FTA compliance in an email.” He even sent her a text through the Signal App and told her she could go to jail for noncompliance and be sued personally.

In July of 2019, Risco set the Signal App to delete messages after 30 mins. Witness 4 felt very uncomfortable with this. All her communications with him regarding work were disappearing in the app.

Risco, Frantz, and Witness 10 held a team update meeting in the Training Department with all the senior level executives. That same morning, he sent the entire team a condescending email about the preliminary dress code that had been rolled out. Witness 4 told him during that meeting the environment we were working in was toxic. Witness 4 informed him that there were Directors in the room who felt they were in jeopardy of losing their jobs, and that the team felt like he was unapproachable despite telling them all in April that he could be reached anytime and to text or call him.

Witness 4 asked him if it would be ok to start an email list serve of just the Directors for communication leaving off the executive team. The very next day she received a call to come to his office to meet with Witness 10 and him. She was extremely nervous because she did not know how he would respond after being publicly challenged.

Witness 4 lost a lot of sleep and was always on eggshells at work. She expressed her concerns to Lorri Lee who told her that she shouldn't look for his approval or guidance. Lee also told her that Risco told Lee to "mentor" Witness 4 and that she needed to stay in her silo away from the rest of the Directors. Risco himself told Witness 4 that she couldn't be friends with the other Directors due to her role. He stated that he was concerned and felt that she wanted to be

liked. If he saw her talking to anyone too long, she would get nasty glares from him. He would tell her that he always knew where she was and when she was in her office. He said he kept documentations on everyone and that he gets back against people who cross him. He said no one should ever want to cross him and get on his bad side.

Risco on one occasion in the presence of another employee while out for dinner after the PRIDE event rubbed on her leg and told her he wanted a girl that was different than what he had at home. That evening they went to an American Cancer Society event. He referenced the Executive Director and asked Witness 4 "why didn't you tell me [redacted] was that thick?" That same evening, he left and went to Bourbon and Beyond. He then texted both Witness 4 and Witness 7 later that night asking them to come to his house for an after party. Neither responded to the text.

One Friday night Risco came to a restaurant where Witness 4 and another employee were socializing. Risco kept walking to their table asking why they weren't sitting at the bar with him. He proceeded to ask Witness 4 who her friend was who was having a Birthday party. Witness 4 told him who she was and that it was her 42nd birthday. He then said to Witness 4, "I can't f... her, that's like f...ing a 12 year old." He also asked Witness 4 about a woman who was dancing and told Witness 4 "I would f... her. I'd do it twice. Can't do it 3 times because then I'd have to wife her." This exchange was witnessed by Witness 4's friend who saw Witness 4 begin to cry.

Risco tried to purchase drinks for Witness 4 and Witness 7 and had the waitress bring them their table. Witness 4 and her fellow employee called guys to come meet them for protection that night. Upon leaving the restaurant, Risco sent Witness 4 a text at 1:46 am and stated, "Are you good?"

Earlier that day, Risco had gotten a copy of a mug shot of Witness 4 when she was arrested for DUI earlier in the year. Risco had been informed earlier in the year (next day after the arrest) about the arrest. He called the HR Director to his office where Witness 4's picture was displayed. Risco asked the HR Director what the policy on employee arrests was. The HR Director stated there was not one unless it related to the job but there was no duty to report. Risco then told the HR Director to run a background check on Witness 4. He asked her if the company fired Directors for criminal backgrounds after employment. This occurred at the day she attended the State of Black Louisville Event.

On one occasion, Witness 4 went to Risco's apartment. There were a lot of people, so she felt fairly comfortable. When she went to use the restroom, Risco followed her in and locked the door. He then forcibly anally raped her, causing her to bleed. Witness 4 was terrified to report it. She was scared she would lose her job. She did not know to whom she should report it, and she feared for her safety because she knew how volatile Risco was. She had witnessed all he had gotten away with at TARC.

WITNESS 5

She was hired by TARC in June of 2019. Her first day on the job was July 1, 2019. Witness 5 was interviewed by a hiring panel which consisted of Witness 1 who described herself as Risco's assistant; Witness 10; Jeremy Priddy and Kim Blanton. She also underwent a second interview with Witness 1 and Risco on June 14, 2019, which was held at the Quills Coffee House in Louisville, Kentucky. During this interview, Witness 1 mentioned to Witness 5 that Risco was the new CEO at TARC and that he could be "moody." Witness 5, who was hired to be Risco's executive assistant, later learned that the three women on the hiring panel wanted Witness 5 to be hired but that Risco stated that Witness 5 was "not my type."

Initially, Witness 5 was responsible for maintenance of Risco's schedule on his calendar and booking his travel arrangements. Regarding Risco's travel, Witness 5 stated that he always flew on Delta and stayed at Marriott Hotels. Any travel miles that were awarded to Risco went to him personally. In the months following being hired at TARC, she began to observe inappropriate behavior and comments by Risco. For instance, she noticed that Risco appeared to be watching Witness 10 when she would walk away looking at her "rear end." She also recalled that in a meeting that Risco referred to Witness 10 as being "thick."

In fact, during one of these meetings, he showed those present a video clip from when Witness 10 was on the Steve Harvey Show to illustrate that she was "thick." These comments were made during a daily "huddle meeting" attended by Risco; Randy Frantz, Witness 10, and Jeremy Priddy, Communications Director. Witness 5 noted that Risco was very unprofessional and used inappropriate language in the office such as, "Nigga, mother...r, shit and f..."

As time progressed, Witness 5 began feeling like she was walking on eggshells and that Risco seemed to be dismissive of her, isolate her and even sabotaged some of her work. She gave as an example that she would schedule meetings or conferences on Risco's calendar and

then they would be removed from the calendar and then Risco would criticize her for not notifying him of an event or an appointment.

Witness 5 recalled receiving a phone call from Witness 10 who stated that Risco would purposely sabotage his calendar that Witness 5 had established. Witness 5 believed this was to paint a picture that she was inept to give Risco a reason to fire her. During August through October of 2019, there were occasions when Risco would send emails to Witness 10 and Frantz to highlight mistakes that Witness 5 had made. Witness 5 thought that those issues should have been brought to her attention individually and not disseminated to others by Risco.

Witness 5 also stated that she was responsible for booking Risco's travel arrangements. She had access to his Delta Airline login to book flights and seats for him. From time to time, she would be unable to get into the account and needed Risco to reset his password, but he would become angry when asked to do so.

Witness 10 also had access to Risco's Delta account and Witness 5 believed that the password issues may have been created when Witness 10 tried to login to Risco's Delta account. There was another instance when Risco sent an email to Witness 5 and copied Witness 10 and Frantz on how he had been locked out of his account and had to reset his password. Thereafter, Risco sent an email that Witness 5 would no longer have access to his accounts and moving forward he would book his own travel. This email was received on or about October 11, 2019.

On another occasion, Risco called Witness 10 and Witness 5 into his office to discuss a procedure for Witness 5 delivering documents to Risco. Risco began interrogating Witness 5 about the procedure that she was to follow when delivering a folder or a document that needed his attention. Witness 5 stated that she was instructed to place a sign-here note on the document and place the document in the folder and then put the item in the inbox on Risco's desk.

On this occasion, Risco asked her about a document that she had just delivered to him. When Witness 5 stated that she had followed the directions that she had previously received, Risco responded, "No, what you did was you knocked on my door and stated that the document inside the folder was a quote from another Director needing my signature because the Director was going to miss the deadline. I am the CEO of this company and I do not give a f... about what someone else's deadline is." Risco continued to berate Witness 5 that he did not have time for this behavior, that he also had deadlines that he needed to make and did not want to be bothered by these interruptions.

During this same meeting, Risco expressed frustration about Witness 5 sending him an email that day asking who his point of contact was. She needed this information for booking flight information. Risco stated:

For any questions you have or any additional information you need, you need to ask Witness 10. She is your key to success. Out of all the employees here at TARC, I trust her. The other executive assistant before you was the executive assistant from hell. I know that you are eager to get to know me and you seem like a nice person, but I do not know you, therefore, I do not trust you. Do you have any questions, or do you have anything to add?

Witness 5 was very upset by the abrasive criticism and left Risco's office crying. A short time later, Witness 10 told Witness 5 that she needed to stop crying. She went on to state that Risco was under a lot of stress and that she should have simply sat the folder on his tray and walked away. Witness 10 continued by saying that Risco had other things going on outside of work that Witness 5 had no clue about. Witness 10 instructed Witness 5 not to ever ask him about his family. At the conclusion of this discussion, Witness 10 told Witness 5 to go home and rest and that she would be paid for a full day's work.

During one of the daily huddle meetings, Risco once stated, "I know I am a handful and I can be a motherf...r. I hold grudges and I'm very petty. If you cross me in any way, I will come back for you but you will not see it coming." Witness 5 stated that Randy Frantz, Jeremy Priddy and Witness 10 were present on this occasion.

On another occasion, Risco was in the hallway and asked Witness 10, "How long has Witness 5 been here? Has she been here more than 60 days?" Witness 10 responded, "She's been here for a while now." Risco responded, "I guess this means that we have to keep her. The last assistant didn't last but 20-something days." Both Risco and Witness 10 laughed on this occasion. Risco then went on to ask Witness 5, "Are you onboard for this ride?" Witness 5 responded, "Yes, I want to work here." Risco then stated, "Alright. Because if I have to tell you something twice, it's nothing for me to type an email to Human Resources and then you are gone." Witness 5 stated that she felt like Risco was threatening to terminate her.

In August of 2019, Witness 5 was requested to create a standard form for all folders and documents coming into Risco's office. She prepared the form in an email and sent it to Witness 10 for her review. Witness 10 responded to Witness 5, "Let it fly." Witness 5 did as she was

instructed and emailed the form. Risco then became upset that this email was sent out without his approval. As time progressed, Witness 5 felt more isolated in the job.

In September of 2019, former Executive Director Barry Barker called with a suggestion. Witness 5 sent Barker's suggestion to Risco. Witness 10 then admonished Witness 5 that she should stop sending emails directly to Risco and send them to her instead. On another occasion in September, Risco was not available for the board pre-brief meeting that was usually conducted prior to a TARC board meeting. Witness 10 ran this pre-brief meeting which included the review of ten resolutions. One of the resolutions pertained to Risco's salary. Risco criticized Witness 5 for putting too much detail into the pre-brief report that he would use for the board meeting that evening.

On September 20, 2019, Witness 5 received an email to add an item to Risco's calendar. Risco later claimed that the event was not on his calendar and he had to register it himself. In October of 2019, Witness 5 registered Risco for an event in Atlanta which she was told to do. Subsequently, she was criticized by Risco for registering him for two events at the same time. He admonished her that he could not be in two places at the same time. Witness 5 gave this as another example where Risco seemed to be trying to paint her as an incompetent employee and seemed to contradict everything she said or did. As time progressed, Risco would not respond to her emails and would ignore her. On occasions when Witness 10 was not in the office, Risco would walk by Witness 5 and simply ignore her. At times, Risco would walk by her and simply roll his eyes indicating dislike of her or disdain.

Toward the end of September 2019, Witness 5 told Witness 4 about what was happening. Witness 4 instructed Witness 5 to document what was going on to be able to prove a hostile work environment. Witness 5 had heard that Risco's former assistant, Witness 6, had previously gone to Witness 4 about her situation with Risco. Witness 5 had heard that Witness 6 was sexually harassed by Risco, but that Witness 4 brushed it under the carpet. Witness 5 had also heard that Witness 4 was required to tell Risco anytime complaints were raised against him. Witness 5 believes Witness 4 was afraid of Risco.

It was Witness 5's opinion that Witness 10 and Risco were always together. They seemed to communicate on Facebook, LinkedIn, and other social media. Witness 10 would travel with Risco whenever he took a trip. Also accompanying Risco on these trips was

Witness 1. Witness 1 helped with financial matters at TARC. TARC paid for all Witness 1's travel and lodging. Witness 10 would hand-deliver the checks made payable to Witness 1.

Witness 10 had access to Risco's email account and may have sent emails out claiming that it was from Risco when it was not. Witness 5 believes that Witness 10 was part of a conspiracy to get rid of her. Witness 10 seemed very worried about her image and would do anything to protect it. Witness 10 was promoted to Chief of Staff and given a \$50,000 raise. Witness 6 who had been Risco's assistant, had her position eliminated.

Witness 10 told Witness 5 one day, "You should be happy you make more as Risco's assistant than when I was Barry's assistant" – a reference to former Executive Director Barry Barker.

At the end of September, Witness 5 received an email from Whitney Maggard stating that she was changing the access permissions to Risco's accounts. At this time, Witness 5 confided in Whitney that Risco was out to get her. Witness 5 stated there were instances when Witness 10 did things that tended to undermine her position at TARC.

For instance, as the executive assistant she was responsible for two employees – Joshua Daniels and George Greenhill. On or about October 14, 2019, Witness 10 asked Witness 5 where Mr. Greenhill was. Witness 5 responded that she had been attempting to reach Greenhill but had been unable to do so. Witness 10 then responded that Greenhill was off for the day, that he had told her, and that Witness 5 should have known that Greenhill was not working that day. Witness 10 would also have Daniels leave the premises to pick up smoothies for her without informing Witness 5.

In mid-October, Witness 10 called Witness 5 into her office to go over some work performance matters. Witness 10 had printed off a day from Risco's calendar. On this day, Risco had many meetings. Some of the meetings were placed on the calendar by Witness 5 and others Risco accepted on his own. Witness 10 showed Witness 5 the entries on the calendar. Witness 10 stated that persons who claimed to have scheduled a meeting with Risco called him to see if they were still supposed to meet. Witness 10 criticized Witness 5 for not calling the persons to confirm the meetings. Witness 10 went on to express that Witness 5 did not know the basics of being an executive assistant. Witness 10 stated that the basics of an executive assistant is to always call the day before to confirm meetings.

Witness 5 defended herself by saying that she had received confirmations from the persons that they were going to attend the meetings. Towards the end of her employment, Witness 5 stated she had lost confidence in herself and stopped believing in herself because of Risco's behavior towards her. Witness 5 also noted that at the beginning of her employment that she was told by Risco that she would not be having a performance appraisal but as time progressed, Witness 10 met with her about her inadequacies and that she was going to receive a performance appraisal.

Witness 5 also stated that when Witness 1 was in town, Witness 1 and Witness 10 would go to lunch together. Witness 5 also noted that Randy Frantz and Witness 10 had TARC company cars and credit cards.

Risco's Assistant Executive Director, Randy Frantz, was hired in July 2019. At the beginning of his employment, he seemed to need Witness 5's assistance with a variety of matters to include keeping his calendar. Once Whitney Maggard was hired as Frantz's assistant, Frantz did not seem to need Witness 5's assistance any longer. During July of 2019, Witness 5 had access to Risco's emails. She recalls seeing an email from a person writing Risco about Frantz. The email suggested that Frantz had a bad reputation during his employment at the Jefferson County Public Schools and that he was a racist of some sort.

As noted, Frantz seemed to need Witness 5 at the beginning of his employment but over time things seemed to change. He would not speak to Witness 5 when he saw her and would roll his eyes and be short with her. Witness 5 noted that once Risco did not like you he would isolate you by having his "friends" like Frantz treat you as he would, meaning ignore you, yell at you or roll their eyes at you.

Witness 5 stated that leaving TARC was an extremely difficult decision for her. It came down to a decision between making more money or her personal wellbeing. Witness 5 noted that she was a single mom, raising a son who was on the autism spectrum. At TARC, she was making \$55,000 a year. Ultimately, she decided it was best for her and her son that she resign from TARC. She described the work environment at TARC as extremely hostile and that it caused her severe stress. She found herself crying, extremely nervous, developed panic attacks and heart palpitations, and at times would not eat. Her salary at TARC was the most money that she had ever made during her working career. Her decision to leave TARC resulted in her

obtaining a job that pays \$15,000 less than she made at TARC. Overall, Witness 5 stated that Risco made her feel incompetent in her abilities to be an effective executive assistant.

In conclusion, Witness 5 stated that not only did Risco create a hostile work environment for her but that Witness 10 helped create a hostile and stressful work environment as well.

WITNESS 7

Witness 7 has a Bachelor of Arts degree from the University of Kentucky in Fine Arts. She also has a Master of Science from Spalding in Business and Communications. Prior to working for TARC, she was employed by the Presbyterian Church from 2008 to 2011. She was a senior graphic designer for the Presbyterian Church. She was hired by TARC in April of 2011. Witness 7 started with TARC as a web manager and graphics designer. She also worked with vendors who provided bus wraps which were the advertisements on the exterior of TARC buses. In this position, she also assisted with inhouse communications, signage, business cards and the purchase of paper, ink and other products needed for the Graphics Department.

In the fall of 2018, Witness 7 applied for the Director of Marketing position which was open. She was not selected for this position and TARC hired [REDACTION #1] instead. On November 30, 2018, Witness 7 went to speak to Witness 6 and Risco. They gave Witness 7 vague answers as to why she had not been selected for the Director of Marketing position. They also told her that now that they knew she was interested in a leadership position that they would keep her in mind.

Between November of 2018 and January of 2019, Witness 7 worked on philanthropic matters to try to obtain private funds to assist underprivileged persons to obtain fare cards to ride the TARC buses. In January of 2019, Risco called Witness 7 into his office. He told her that she was going to become the Director of Customer Experience which would involve corporate outreach.

Witness 7 described a variety of text messages and other communications from Risco that she found offensive. Witness 7 provided an overview of messages from Risco which she deemed to be sexual harassing in nature from the period December 2017 to 2019 as well as a copy of those messages.⁷⁵ She described these messages as sexual-toned text messages, unwanted glances, and sexual conversation in the office.

⁷⁵ Exhibit 13.

The following is a sample of these communications, his grooming efforts to entice her into sexual activities and a chronology of Risco's interactions with her:

December 19, 2017, 10:20 a.m.

Received text message saying she was cute; and that he obtained her cellphone number from his assistant, Witness 3.

December 27, 2017 11:06 p.m.

He initiated contact via text asking to see her alone.

Risco sent a text message asking if she was safe and asked her to get on the Signal app. At 11:06 p.m., he sent a text message asking, "When can I see you by yourself so we can talk?"

December 28th, 2017

"Can we meet for breakfast at Wild Eggs"; during the meeting, he propositioned her for sex; Witness 7 responds no to his request and follows that up with a question to him, "What would you tell your daughters?" Risco responded he would tell her to do it; Risco went on to say that this is a "safe zone."

December 28, 2017 9:30 a.m.

At Wild Eggs (Market & Floyd) He offered me a safe space to be his "f... buddy"

January 1, 2018

Sends a Happy New Year text.

January 2, 2018

Invites her to UofL basketball game and states that he will keep her warm; Witness 7 responds no; Risco replies, "Let me know when you can get out for a fun period."

January 4, 2018

Risco sends a text while he knows that Witness 7 is at dinner and busy.

January 11, 2018

Risco sends a text commenting on Witness 7's dimple.

January 2018

He begins suggesting that they begin using the Signal app

June 10, 2018

Receives a text from Risco, "There you go," which was a message she believed was indicating he saw her in the office.

July 18, 2018 11:45 p.m.

"come get you birthday present" [Her reply was, "Not driving."]

July 19, 2018

Receives text, "Are you good? Do you need some Pedialyte?"

August 13, 2018, 10:31 p.m.

Receives a text with the word, "Red...looks very good;" Witness 7 learned the next day that this was a reference to the underwear she was wearing on August 13th; Risco again encourages Witness 7 to get on the Signal app; Witness 7 specifically remembered this date because it was her parents' anniversary.

August 14, 2018

Receives text referencing "the COD" (color of drawers) also followed by a text referencing red and asking, "What is it today?" She responds "Purple." Witness 7 noted that Risco was in a fraternity whose color was purple. Witness 7 had heard that Risco had made a comment to his assistant, Witness 3 that he was going to wear her drawers. He responds that it was a convenient answer. The fraternity that he was in was Omega Psi Phi and Witness 7 was in a sister sorority.

August 15, 2018 10:31 p.m.

Via text-makes reference to her underwear, what color are your drawers "COD"?

August 22, 2018, 7:27 a.m.

“Leave some space for that last round”; Risco sends text message, “I’ve been waiting for you.” They agreed to meet at Ciao Ristorante on Payne Street. Risco talks to her about the marketing job and states you can get it but first must be “f... buddy.” He offers her oral sex at the restaurant.

August 23, 2018 9:42 p.m.

Via text- marketing Director position in exchange for a few sexual favors

August 28, 2018 8:13 p.m.

Via text- offered her the option to end the night in his bed - “You out tonight”; he says, “Last stop 303” which is a reference to his home address.

August 31, 2018, 9:30 p.m.

Receives text thanking her for helping with Jeremy--reference to Jeremy Priddy--who was brought in after Russell Goodwin was terminated; Witness 7 helped to train Priddy in his new job. Previously, on August 20, 2018, Risco fired Russell Goodwin who was a young fit male who held the Director of Marketing position.

September 2018

Continues to ask for her to download the Signal app

September 15, 2018

Receives a text from Risco, “Let’s get on Signal.” Sends a text asking for her resume for the marketing job that is open; text message while she is attending the UofL football game, “Where are you sitting?”

October 1, 2018

At a group meeting for Leadership Louisville receives a text, “Are you sure you want to be involved in these types of meetings?”; another text asking what’s up for dinner; she responds

Catch 23. Witness 7 noted that she used to go to dinner with the prior Directors who were professional but that she felt uncomfortable going to dinner with Risco.

October 24, 2018

Interview for the Marketing Director position

November 11, 2018

“Are you okay?” Witness 7 later learned that a rejection letter to her application for the Marketing Director position had been sent out to her.

November 17, 2018

Rejection Letter

December 10, 2018

[REDACTION #1] begins as Marketing Director

March 29, 2019

“During the day Witness 3 proposed that she, her husband, and I go to Risco’s residence after work. I felt comfortable because the are others would be with me. Risco provided spirits and appetizers. We all had some few drinks and food. We were wrapping up the evening and headed to the door. Witness 3 goes out first, then her husband. At that point Risco shut the door. He then proceeds to pull out his penis to entice me to stay; he tried to kiss me and fondle me. I grabbed the door and left. I rejoined Witness and [her husband] at the elevator.”

March 30, 2019

“Witness 3 asked if I was feeling better from all the drinking from the night before.” Witness 7 believes both Witness 3 and Risco may have been in cahoots to get her back to his residence.

March 31, 2019

Witness 3 texted and asked if I had seen the text invite to go back to Risco's for cake and food. The invite was for Witness 7 and Witness 10.

May 2019

Shortly after Risco was promoted to Executive Director, Witness 7 received a text, "You can have as much alone time with me as you want." "I believe these interactions to be hostile and harassing in nature from both Witness 3 and Risco."

In reference to the football game in October, Witness 7 told her mom around the same time that she did not think she was going to get the marketing job because, "I won't have sex with him." Her mom recommended that she obtain a lawyer to help her with the matter. In November of 2018, Witness 7 did retain a lawyer for a period of three months to review her case. The lawyer advised her that she did have a claim but Witness 7 did not press forward with the claim because she was afraid of the consequences of doing so.

Witness 7 stated that it was her opinion that Randy Frantz and Witness 10 were complicit in Risco's behavior. Witness 7 stated that Risco would berate Witness 7 in front of others and Witness 10 would allow it to happen. Frantz would laugh at some of Risco's inappropriate jokes. After Witness 7 rejected Risco's overtures in March of 2019, Frantz began to be more involved in Witness 7's oversight and at times would ignore Witness 7 making her feel isolated. Soon thereafter, Witness 10 gave Witness 7 a job appraisal with the ratings of 2 and 3 when she had always received the rating of 4 in the past.

Witness 7 also noted that Witness 10 and another person named Witness 1 frequently traveled with Risco. Again, after having rejected Risco's overtures, Risco was mean to Witness 7 in front of Witness 10, would often walk by her without acknowledging her and Witness 10 did nothing about that.

Witness 7 decided that she was going to make a complaint to Witness 4 about Risco's behavior. Witness 4 told Witness 7 to gather her text messages from Risco and said she needed to take it to the board. Witness 4 told Witness 7 that it was her responsibility to report issues like this to the TARC board.

In February of 2019, Witness 7 attended a Title VII conference and indicated that on or about this time there wasn't anyone at TARC available to report things of this nature; however,

after Witness 4 was put in the position to handle these types of matters, Witness 7 observed how she handled an issue involving [REDACTION #1] in which he was alleged to have raped a TARC employee named Witness 2 when they were in Indianapolis. Witness 2 reported the incident to Witness 4 and Witness 7 was comfortable with the way that Witness 4 handled that matter and, therefore, felt comfortable reporting Risco's behavior to her.

During the Martin Luther King weekend, Witness 4 told Witness 7 she was going to report it to the board. In February of 2020, Witness 7 learned that Witness 4 was having a breakdown because of the situation at TARC with Risco. On February 8, 2020, Risco sent a message, "You all good?" On this occasion, Witness 4, Witness 5, Witness 2 and Witness 7 went to the Encore Restaurant at which time Risco kept coming to their table trying to get Witness 7 to join him for the evening.

From June of 2019 through September of 2019, Witness 7 was given the responsibility to rebrand TARC. Risco stated that this was her project. However, after she started to resist Risco's overtures for sexual favors, she felt she was retaliated against for not capitulating to his overtures for sex. She cited as an example her efforts to rebrand TARC. Witness 7 stated that 30 minutes before the rollout of the new TARC brand Risco pulled her off the job and project. Risco had Witness 10 email Witness 7 that "We are moving in a new direction," instead of moving forward with the rebrand as Witness 7 had suggested. Risco brought in someone from Nashville-Nimbus-Mobile App. This contract was for \$75,000 to \$150,000. Witness 7 learned that Risco went to the Super Bowl with corporate officials from Nimbus in early 2020. Witness 7 described the devastation she felt by having this project taken away from her at the moment of rollout. On the date of the rollout, December 12, 2019, Risco stood behind Witness 7. Witness 7 described feeling very uncomfortable with Risco standing immediately behind her.

Finally, Witness 7 noted that she did not trust "Kim in Human Resources."

WITNESS 8

Witness 8 started at TARC in 2015. Initially, she thought she had found her forever career home. She thought she would retire there one day. She said she never imagined the unpleasantness that would take place years to come. It was not until Risco joined TARC and Barker retired did things begin to change. Risco went on what people call a "power trip" stretching his grips into every department. She said he struck the fear of the "Army into all of

us,” especially our Directors. The Employees lived each day going to work in fear of losing their jobs.

It began when they noticed long term employees suddenly started to retire, some early. Over the 4 ½ years she worked at TARC, her work area was physically moved 5 different times. At first, she was in the Finance area, then sometimes in HR, then Marketing, Grants where she had her own office for 1 year but then was moved to a table in Training; then while pregnant in 2018 she moved to Customer Service on 29th Street; and finally, during her last year at TARC she was seated at a conference room table shared with two other co-workers.

Witness 8 went on maternity leave in April of 2018 for 8 weeks. Although she returned to work, she had a sick newborn, requiring numerous doctor appointments. Witness 8 submitted notes to Human Resources. Her Marketing Director at the time, Russell Goodwin, was terminated and she was transferred to the Grants department. She was experiencing post-partum in addition to anxiety, which can last up to a year after birth. Witness 8 spoke to her new Director, Geoffrey Hobin, who could not offer any support or insight into when the office conditions would be better and get her out of the uncomfortable seating she was in.

Witness 8 decided to try to get more support from another level of TARC. There was not a Diversity and Inclusion Director at the time, so she went to Witness 6 who was the Chief of Staff. Instead of feeling compassion and understanding, she asked why Witness 8 had used up all her vacation and sick time, and days of non-pay to be off with her newborn son. Nothing happened to help the arrangement of her sharing about a 500 sq foot office with 6 other people. Instead, the Chief of Staff left TARC. Witness 8 did not know why she left.

Witness 8 was involved with numerous programs TARC was offering to its business and non-profit partners. Details were being worked out including terms and conditions for its retail partners. Witness 8 was able to manage all of these programs under the supervision of her Director.

Witness 8 had set up a meeting with Thornton's as a prospective retailer. She was excited about the meeting and the fact that Risco and her boss, Hobin, were going to attend. During the meeting at Thornton's, she commented on the beautiful Christmas decorations they had and stated she wished TARC had some. This upset Risco and he made sure that she wasn't allowed to attend any further meetings and had Hobin do a "yearly" evaluation (mid-year) that she was forced to sign.

Witness 8 noted that during meetings, she always was always considerate about the customer and how she would feel if in their shoes. She did not consider herself a “yes, person.” Risco did not like that about her and they had disagreements. Witness 8 believes this is what led to her being "Laid off." She did receive severance pay in the amount of \$19,452.21. Witness 8 was laid off 4 months short of her 5-year anniversary which would have vested her in the TARC retirement program with Kentucky Deferred Comp.

Witness 8 stated she was extremely busy at work when she was laid off. They had just received a signed agreement with Kroger which would place the Retail Point of Sales devices in 20 different Kroger locations. She was going to handle this program and the training of their Staff. Instead, she was laid off. She was not told the reason she was selected to be laid off.

WITNESS 9

Witness 9 has a Bachelor of Arts degree in Marketing from Sullivan University and a BS in Communications from Spalding University. She was hired by TARC in June of 2019. She went to work for TARC because she needed fulltime employment.

She initially worked in the Marketing Department as a marketing administrative position. [REDACTION #1] was her supervisor. In October 2019, the Marketing Department was dissolved, and she was told she was going to become the executive assistant to Risco. Witness 9 expressed her preference to stay in the Marketing Department. She told Witness 10 that she would rather stay in the Marketing Department because she enjoyed what she was doing and, in addition, she felt aspects of Risco were troubling. Witness 10 responded, “Take the position or you won’t have a job.”

While in the Marketing Department, Witness 9 noticed that [REDACTION #1] was very touchy feely with another employee in Marketing named Witness 2. [REDACTION #1] always wanted Witness 2 to go places with him. [REDACTION #1] would pick up Witness 2’s personal cellphone and look through it. Witness 9 told him that he should stop doing it, that it made Witness 2 feel uncomfortable.

In September of 2019, [REDACTION #1] wanted to make a trip to Indianapolis to look at the marketing program for the Indianapolis transit system. [REDACTION #1] had mentioned to the marketing team that the team might be going to Indianapolis. Instead, only [REDACTION #1] and Witness 2 went to Indianapolis. Witness 9 told Witness 2 that she should not go on the

trip with [REDACTION #1]. Witness 2 went anyway. Both [REDACTION #1] and Witness 2 seemed secretive about the trip. The trip took place on September 19, 2019.

Prior to the Indianapolis trip, Witness 4 went to Randy Frantz and said something was going on between [REDACTION #1] and Witness 2. Frantz responded, “We’ll just see how this plays out.”

The next day, September 20th, TARC planned to participate in a Pride Festival event. Witness 9 organized TARC’s participation. Witness 2 communicated to Witness 9 that she was going to work the booth at 2 p.m. Witness 2 came to the event with a male friend. When [REDACTION #1] arrived, he quickly left. Witness 2 did not talk to Witness 9 about the trip on this occasion. The trip to Indianapolis was paid for by TARC.

That evening Witness 9 and her husband went to dinner with Witness 2 and her male friend. During the dinner, Witness 2 started to cry and said to Witness 9, “Something happened in Indy.” Witness 2 was very upset. She said that it was very inappropriate. Witness 9 noted that Witness 2 looks like the younger version of [REDACTION #1]’s wife. For about two to three weeks, Witness 2 was not as bubbly as normal and not herself. She then confided in Witness 9 that [REDACTION #1] had raped her while they were in Indianapolis. [REDACTION #1] had told Witness 2 that they were going to have two rooms but there was only one room when they got to Indianapolis. [REDACTION #1] “got her drunk and raped her.”

In October of 2019, Witness 9 convinced Witness 2 to go talk to Human Resources about what had happened.

When Witness 9 started her job in Risco’s office, she felt that she and Risco would not get along because they both had strong personalities. She communicated this to Witness 10. Witness 10 again stated, “You either take the job or you won’t have a job.” Witness 9 decided to take the job because she was pregnant and could not afford to be unemployed. When Witness 9 began the job, Witness 10 told her that she was going to be scheduling Risco’s appointments and in essence be his “work wife.” Witness 9 responded that she was not going to be his work wife and said that Risco already has a wife.

Overall, Witness 9 stated that Risco was not a nice guy and described him as an “asshole.” She said that he played games. Risco bullied her and made her feel insignificant and small. She described it as “peasant versus king.” They had disagreements back and forth. In November of 2019, Witness 9 mentioned to Risco that she was going to visit family in Atlanta.

Risco who also had family in Atlanta said, "When you're in Atlanta, we should hang out." Witness 9 responded with a question, "Why?" He responded that she should text him when she was in Atlanta. Witness 9 did not do as directed by him. In December of 2019, Risco only worked the first week of December. He treated her very unprofessionally when he was in the office at this time.

Witness 9 stated that Risco attended the 2020 Super Bowl. Witness 9 saw that he was planning to attend the Super Bowl when reviewing his calendar in December. Risco then went to the Super Bowl with a vendor named NIMBUS which is a marketing firm. Risco was a fraternity brother with the CEO of NIMBUS. She believes that the trip may have been a kickback for Risco providing business to NIMBUS. When Risco came back from the Super Bowl trip, he was talking about the different people he associated with while at the Super Bowl. Persons included going to dinner with Stacey Wade and John Schnatter from Papa John's.

NIMBUS charged \$150 per hour to include charging for all phone calls. A budget was set up for \$180,000 as a contract. In the first four months, they exceeded that amount. Witness 9 stated that there was not anything that NIMBUS could do that the prior internal TARC Marketing Department was unable to do. She was seeing invoices for \$20,000 per month. Another former marketing department employee, Witness 2, said she also didn't see any work product from NIMBUS.

Under Risco's tenure at TARC, TARC did not have a Chief Financial Officer. TARC has now promoted the Director of Finance, Tonya Carter, to the position of CFO.

Witness 9 had asked Witness 10 if there was any budget for Risco's travel. Witness 10 responded, "No, Ferdinand likes to stay in nice places."

Risco traveled via Delta Airlines when he flew anywhere. He always requested the Comfort ticket with a seat on the aisle. Some of the business trips he took cost between \$2000 and \$5000. He frequently got reimbursed for the use of Uber and his meals regardless of their cost. Randy Frantz traveled the same way. Witness 10 would frequently go along on the trips. Witness 9 believes that Randy Frantz attended the Super Bowl with Risco in February of 2020.

Risco would often submit requests for reimbursement for in-town dinners out with employees. Risco, Frantz and Witness 10 all had TARC credit cards. Witness 9 only booked Risco's travel.

As of August 2020, TARC had not instituted a tip line that they stated earlier in the year they were going to initiate.

Witness 9 had suggested a program called Open Door by which employees could provide suggestions to upper management who would also provide a forum for employees to vent. Jeremy Priddy said that he was under orders to get the tip line up first before considering an option like Open Door.

Prior to June 16, 2020, Witness 9 was the executive assistant for Interim Directors Laura Douglas and Margaret Handmaker. She was also the point person for board matters and board liaison. At first, she thought that both Douglas and Handmaker came into make things better but after observing their statements during a metro council meeting in late July, she is not sure anymore. She also doesn't understand why Douglas and Handmaker don't talk with union officials.

Witness 9 observed Risco leering at women, especially Witness 10 and Witness 2. Randy Frantz observed this as well. She described Risco and Frantz being like brothers. When Risco would walk through the office and make comments about Witness 2's hair, Frantz would laugh about it.

She believes that she initially was appointed to executive assistant because Risco liked attractive women. He also seemed to like women who were meek and mild. Risco spent a lot of time with Witness 4. Whenever she would come to his office, they would close the door.

Witness 9 met Witness 1 a couple of times. She thought that Witness 1 was Risco's friend. She would often walk into the executive suite and say, "Where's Ferdinand?" She would say that "He knows me." When she came to visit Risco, they would close his door. Witness 9 never saw invoices from Witness 1 but was told that she was a financial advisor for TARC. She believes that TARC is trying to suppress the truth about misbehavior at TARC. She also noted that Risco would frequently text Witness 2 in the middle of the night.

She believes that Randy Frantz hired a Senior Director of Operations so that Risco could travel. She also questioned why Tonya Carter was promoted to CFO without it being posted as well as a job for Executive Communications Manager which also was not posted.

WITNESS 10

Witness 10 obtained a Bachelor of Arts in Communications in 2007 and a Master's in Business Communications in 2016 from Spalding University. She started her working career at the Fern Creek Walmart and moved up to assistant store manager in 2007. In 2009, she was the co-manager of a Walmart at New Cut and Outer Loop. In 2013, she joined TARC as an executive assistant to the Executive Director Barry Barker. She learned of this opportunity from someone who worked at TARC. She was trying to get out of the retail business. Her friend knew that she wanted to get out of the retail business and reduce the number of hours that she was working and to improve her work life balance. TARC would provide an 8-to-5 job for her. She applied for the executive assistant position. The first interview was with Barry Barker. The second interview was with the Assistant Executive Director Alyce French Johnson.

Witness 10 was hired by TARC. She noted that she took a pay cut to go to TARC but did so because she was trying to get out of the retail business. She saw TARC as an opportunity for career advancement.

Initially, she managed much of Barry Barker's business. He was a very busy man. She assisted him with all the different responsibilities he had. She assisted with credit cards, his travel and ethics forms. She served as liaison to the board. She tried to enhance Barry Barker's trust of her as well as the trust of the Directors. She became what she considered to be a "go-to person." She also served as the liaison to the Metro Council and the Mayor's Office. Periodically, someone from the Metro Council would send constituents' concerns about bus stops or buses running late.

In the fall of 2016, Alyce French Johnson retired. The persons involved in finding a replacement for her included Barry Barker, the board chair and Witness 25 who was the Director of Diversity and Inclusion. When Risco was selected, Witness 25 created an announcement that was sent out to all TARC employees. Witness 10 first met Risco on his first day on the job. It was simply a formal meeting at the time.

Witness 3 was Risco's assistant. Witness 10 described her as well-meaning but the complete opposite of herself – Witness 10 was more composed and conservative and not loud while Witness 3 was a loud person and always talking. Witness 10 tried to steer clear of her.

Initially, Witness 10 did not have too much interaction with Risco. Conversations initially were very basic. Risco would frequently try to "talk himself up" trying to impress

Witness 10 with all that he had done. Witness 10 said she wasn't impressed. When she would step into his office to check on him because he was new, the conversation initially was primarily related to work. It took a while before he started to talk about his personal life. When he did, he talked about his wife and spoke negatively about her. He said that his wife didn't care for him. Witness 10 thought this was strange for him to share that with her.

There were times when Risco responded to other Directors in a fashion that she described as harsh and not part of the TARC culture.

Witness 10 made sure that Risco was aware that she was married. Around Derby time in 2017, Risco asked Witness 10 to go to dinner with him along with her wife. She declined the invite.

As the Executive Assistant Director, Risco was trying to get to know Louisville. He liked to hang out at bars and rub elbows with the elite in Louisville.

Risco's tone concerned Witness 10. He talked about himself a lot. She spent a lot of time listening to him about how great he was and all the great things that he did while at MARTA. He spoke a lot about his involvement with the Diversity and Inclusion Program at MARTA and that his division was "perfect," another example of him always self-promoting and trying to impress her.

Again, she reiterated that his tone with some of the Directors concerned her because of the harshness. She also described him as not being straightforward.

During Barry Barker's tenure, she would attend board meetings with Barker. She was there to help Barker and the board. She got to know the board members and acted as a liaison contact. Anything the board might need, they would contact her. When Risco became the Executive Assistant Director, he also attended the board meetings as did other TARC Directors.

At the time that Barker left TARC, Witness 10 was applying for other jobs. She really didn't like her job at TARC. She expressed this to Barker before he left along with her aspirations to get into human resources. She mentioned to Barker that she would someday like to be the Director of Human Resources at TARC. She also told Barker that she wanted another role at TARC and asked him to give her ideas where she could go. Barker suggested that she go talk to Risco about other opportunities. She informed Risco that her passion was to work with people and would prefer to be part of the Human Resources Department. She commented that she perceived the TARC Human Resources Department to be composed of white women and

hoped that she could get into HR to help with making it more diverse. She also explained to Risco that she wanted to grow professionally.

Risco told her that he planned to create a Director of Engagement position and that he would like to put her in that role. After Barker retired, Risco did establish a Director of Engagement position in January of 2019. The position was to act as a liaison between management and the employees. Her salary was increased from \$50,000 per year to \$70,000. At the same time, Risco created another position – Director of Customer Experience and placed Witness 7 in that position.

Witness 10 was in the role of Director of Engagement until August of 2019 when she became the Chief of Staff.

Witness 3 handled most of Risco's matters while he was the Interim Executive Assistant Director until June of 2019 when Witness 10 assisted while Witness 3 was off work. That began an increased interaction with Risco. Witness 10 observed that after Risco became Executive Director a lot of people were retiring from TARC.

In July of 2019, Witness 10 had a discussion with Risco about her future. He indicated he wanted her to become the Executive Assistant Director sometime in the future. They talked about her career aspirations and her next role at TARC. They talked about human capital and her interest and true passions were in human resources. She told Risco she was not interested in the Executive Assistant Director position. In July of 2019, around the time of a COMTO Conference in Tampa, Risco encouraged her to become part of the leadership at APTA which is an association for up-and-coming transit professionals. She applied for a position as second vice president and she was approved in September of 2019 for that position at APTA. She started a Louisville chapter of the Conference of Minority Transportation Officials. She attended the Tampa conference with Risco and Witness 1.

Witness 10 started to work with Witness 1 in May 2019 when TARC hosted the APTA Conference. Witness 1 was on a panel that Witness 10 moderated. When Witness 1 became involved with TARC, she acted as a coach for Risco and Witness 10. Witness 1 guided them in how to manage the new team. She first met Witness 1 in March of 2019 at the office but got to know her much better in April of 2019 during a conference in Dallas. She and Witness 1 spent much time together during the conference in Dallas for the National Diversity Council

Conference. She attended the Dallas conference with Risco, Witness 4 and Witness 1 who lived in Dallas. She stayed at a Marriott Hotel.

While attending this conference, Witness 1 and Witness 10 exchanged telephone numbers. During an evening dinner while in Dallas, Witness 10 observed inappropriate behavior by Risco. He invited Witness 4, Witness 1 and Witness 10 to his hotel room. While in the room, he stated that if you go across the threshold part of his bedroom, "it's game on." Witness 10 interpreted this to mean that sexual activity would occur if they crossed the threshold into his hotel bedroom. Risco made this comment in front of Witness 4, Witness 1 and Witness 10. At the time, Witness 10 laughed this off. At the same meeting in the hotel room, Witness 10 took off her wedding ring. Risco made a comment, sexual in nature, about her taking off the ring indicating that she was now available sexually.

Witness 10 said that similar comments were made by Risco while she was at her desk at times when she took off her wedding ring. Risco's retort to her doing so would be, "There goes that ring, ring's coming off." She took Risco's comments to mean that the wedding vows were behind and sexual behavior was okay. His comments made her feel uncomfortable although she laughed it off. She did not feel comfortable challenging him. One of the reasons she did not challenge him was for fear of losing her job. She had seen him fire other people at TARC with whom he was displeased. She mentioned Russell Goodwin from Marketing and Witness 6 and Sherry Copp. She stated that if a person did not agree with Risco, he would come after them and isolate them.

Goodwin was allegedly fired because he had approved a bill when he should not have. Later, it became apparent that he was fired because he was a threat or had challenged Risco.

Witness 6 was fired allegedly because she had sent out an email concerning approvals in the Ellipse System into which contracts are entered. She had sent an email to Witness 10 to approve the matter. Witness 10 had responded that a resolution was needed but Witness 6 responded that the resolution was not required. Risco became upset and stated to those with him at the Dallas conference that Witness 6 was trying to go around him. Risco also tried to reach Witness 6 while he was at the Dallas conference and was unable to reach her. Upon his return to Louisville, he fired Witness 6 and Copp.

When Witness 6 was fired, Risco claimed he was eliminating the Chief of Staff position which she held for budgetary reasons. Risco had discussions about Witness 6 and Copp while

attending the conference in Dallas. He discussed the matter with Witness 1, Witness 10 and Witness 4 who were in Dallas with him attending the conference.

He said that he was going to let his assistant go because she had asked him questions about his family which upset him.

As time progressed, Witness 10 learned of Risco's preferences for women. This surfaced when a new assistant was hired, Witness 5. She was hired in July of 2019. Witness 1, Witness 10, Witness 10, Jeremy Priddy and Kim Blanton were on the hiring panel. Witness 5 was the best person for the role. They brought her on after the interview panel concluded she was the best person. They met with her at a Louisville coffee shop along with Witness 1, Witness 10, Risco and Witness 5. Risco became upset with them stating that, "I see what you're doing...why would you do something like that?" referencing Witness 5's physical appearance. Risco did not like her physical appearance. He thought she weighed too much. He also disliked her dark skin tone. He had a preference for lighter-skinned African Americans. He also disliked her "smell." He would make comments that she smelled like food, again a reference to her weight. She resigned under pressure. Risco made her feel incompetent and that she could not do anything right.

Witness 10 felt that Risco was upset about her hiring Witness 5. He made sure that Witness 5 went through Witness 10 with any matters that were to be presented to Risco. Risco did not want to deal with Witness 5. Risco was short tempered with Witness 5 which Witness 10 found upsetting.

Witness 10 had plans to move Witness 5 to a different department, but she resigned before she was able to speak to the head of Human Resources. Witness 10 emphasized that Risco would constantly make Witness 5 feel incompetent.

As an illustration of Risco's behavior with Witness 5, Witness 10 told of an occasion when Risco stated he wanted Witness 5 to simply drop documents in his inbox and not talk to him when she came in with those documents. Risco told Witness 10 that Witness 5 would come in and talk to him or comment about needing a signature on a document. This angered Risco. Witness 10 then counseled Witness 5 to just leave the mail in his inbox and allow him to ask questions if he needed to. Risco then brought Witness 10 and Witness 5 into his office and told Witness 5, "Witness 10 is your key to success here." Risco then went on to ask, "What were you told about the delivery of folders?" He asked this question in an intimidating fashion with an

imposing presence. Witness 5 left the room crying. Witness 10 tried to console her. Witness 10 then sent her home for the day.

Witness 10 said that Risco was disgusted by Witness 5's appearance. Witness 10 would give her advice on how to dress professionally. Witness 10 would counsel her that as a minority woman it's important to look and dress professionally.

Witness 10 described Risco's management style with people he did not care for as presenting an imposing look with his legs crossed and an intimidating tone.

Regarding the trip to Dallas, she recalled when she, Witness 4, Risco and Witness 1 went to lunch. His behavior to wait staff made her feel uncomfortable. He was unhappy about his french fries and asked for the manager in a very embarrassing manner.

The next day Witness 4 and Risco went out to lunch. Risco made an offhanded remark that Witness 10 had missed out on lunch with them. When they got back to Louisville, Risco said something about Witness 4 having met a guy in Dallas and having had sex with him. Risco made fun of it and put Witness 4 down. Risco seemed to gossip about Witness 4. Risco was exhibiting dislike towards Witness 4. Witness 10 thought it may have been because she challenged him or went out on a date. It seemed that after the Dallas trip that she fell into the circle of people he did not like.

Risco tried to keep Witness 10 from befriending people. Witness 10 referenced a consultant by the name of Lee Green whom Risco wanted Witness 1, Witness 4 and Witness 10 to meet. He said that he was a male coach, and they could maybe hire him to help coach the management team. Although he was hired, he did not perform any work. Risco got upset with Green and composed an email that he wanted Witness 10 to sign and send to Green. She was reluctant to do so because the tone of the email was not what she would normally compose. Risco had become upset with Green because he was asking for payment. Green was associated with a beneficiary group. He was paid \$9000 deposit for no work performed.

Recalling the Dallas trip, she recalled that Witness 1 had told her that Risco sodomized her in October of 2019. Witness 10 had developed a "sister bond" with Witness 1. Witness 10 would confide in Witness 1 and vice versa. Witness 1 told Witness 10 that Risco pulled up her skirt at a hotel and tried to sodomize her. Witness 1 also told her about another incident that happened in July of 2019 at a COMTO conference in a hotel room. He came to her room one night and had sex with her at a Marriott Hotel in Tampa, Florida. While in Tampa, Risco was

glued to Witness 1 and Witness 10. This was annoying them. They tried to distance themselves from him. Another female from APTA said to Witness 10 and Witness 1, “You’re like Charlie’s Angels.” Risco liked that.

Risco always talked about his ex-girlfriends. He frequently made comments about women wanting to be with him. He would reference a girl and say, “She wanted me.” In other instances when he would reference a female, he would say, “I could have had her.” These types of comments made Witness 10 feel uncomfortable. Risco was worse when attending conferences. Witness 10 described his behavior as similar to that of a teenager. Both Witness 1 and Witness 10 hoped that they could change him so that he would only act that way in front of the two of them.

Risco’s comments about women were frequently made in front of Witness 1 and Witness 10 but at times also during dinners with people he knew in the community. Witness 1 and Witness 10 would talk about his behavior and their desire to see him succeed in his role. Witness 10 was uncomfortable talking to him about his behavior. She feared being placed in the “outer circle” and isolated or fired. She never felt like she could go to the board. She tried to be very loyal to Risco and cared for him. She stated that she did not want to be the one to report him to the board. She hoped that someone else would do something. She did not want to endure what might happen if she reported Risco to the board. Instead, she hoped the board would pick up on how he changed the board meeting structure and was not prepared for board meetings.

Risco seemed enamored with controlling “white boys.” Witness 10 described him as a true narcissist. He enjoyed having whites work for him. He wanted to be like a white person.

Witness 10 recalled a time when Witness 1 was staying in Louisville at a hotel in the NuLu area. Witness 1 had told her that Witness 1 and Risco had gone to a restaurant on 4th Street and that she had gotten into an argument with him and had gotten out of his car and walked back to her hotel. Witness 1 informed Witness 10 that as they were driving down 4th Street, he was yelling at her. Risco stated to Witness 1, “You give me more problems than anyone I have ever dealt with.” The next day, Witness 10 and Witness 1 went to church together at which time Witness 1 shared this information with her.

Witness 10 recalled a time in September of 2019 when Risco, Witness 1 and Witness 10 were working on approving a COMTO chapter for Louisville. Between midnight and 5 a.m., Risco sent out 34 emails and text messages. Witness 1 said these emails and text messages were

a tantrum by him and cautioned him that he was creating a hostile work environment. Risco became upset with Witness 1 and said, "You're always criticizing me." Witness 10 sometimes wondered why Witness 1 put up with Risco's behavior and thought it was because of the money she was earning from TARC.

Risco liked having Witness 1 around because Risco's wife lived in Atlanta.

While attending a conference in Washington, D.C., Witness 1 went over to the table to a celebrity named Malik Yoba. Witness 10 said that Witness 1 was very outgoing and comfortably approached people when out in public. Risco was with Witness 1 at a restaurant when this occurred. Shortly before Witness 1 went over the other table to talk to Yoba, she and Risco were having a heated discussion in the restaurant about her criticizing him. Risco was trying to place blame on Randy Frantz for not doing his job. Witness 1 tried to defend Frantz. Risco became very upset and actually started to cry. Yoba who was at a nearby table noticed the conversation and "picked up on the energy." People in the restaurant noticed what was going on at their table. Risco did not like Witness 1 talking to other men. Risco liked being the center of attention.

In October of 2019, Witness 10 attended a conference in New York City along with Risco and Witness 1. It was an APTA TRANSform Conference. Also attending the conference was Randy Frantz. Risco and Witness 1 went out to dinner and came back via an Uber. Risco was upset with Witness 1 and her feedback to him. In October of 2019, Witness 1 started dating someone. Risco saw this on social media and got very upset. Witness 1 then began reporting to Frantz rather than Risco. Risco wanted Frantz to deal with her. She believes this occurred because Witness 1 was dating someone.

It became apparent that when Witness 1 was in town the tranquility or lack of tranquility in the Witness 1-Risco relationship governed his behavior at work. He would have mood swings depending upon where they were in their relationship. Risco would periodically ask Witness 10, "Have you talked to Witness 1?" She would respond no even if she had because she did not want to upset him.

Witness 10 had a conversation with Witness 1 asking her to "take one for the team" meaning that Risco was difficult to deal with when he was on the outs with Witness 1. Witness 10 was urging her to patch things up between the two of them. Witness 10 encouraged Witness 1 to go to dinner with Risco because things were getting worse at the TARC office. Risco

seemed to be getting more upset and more paranoid and having more mood swings after his alienation with Witness 1. His circle of people he didn't like was increasing.

Witness 10 took the role of "middleman" trying to talk to him and calm him down. She told Witness 1 that she shouldn't criticize Risco in the presence of others. "Just go have dinner with him" when you want to critique him.

Witness 10 claimed that Risco never "came on to her." Despite saying that Risco never came on to her, she did relate an incident in January of 2019 when she was at her desk talking about her husband liking sports. Risco made a comment that he knew the sports schedule and that Witness 10's husband liked football and basketball and knew there were nights when Witness 10 would be lonely. Risco would say to her that he could slip right in and "be there for you" and he wouldn't ever know anything referencing her husband. This made Witness 10 feel uncomfortable. He stood over her at her desk talking about being able to be there for her. This was at a time just before Risco announced her promotion.

Risco would make sexual gestures and jokes and talk about girlfriends, masturbation and make masturbation gestures in front of her and make references to the size of his penis. Risco would always talk about women wanting him. She described Risco as having a large ego and being very insecure. He would often talk about Witness 7 and her looks. He also made comments about Victoria Russell who was the diversity and inclusion person for Papa John's Pizza.

He seemed to be obsessed with social media and would pull up pictures of his exes and make comments that, "She wants me now 'cause I'm a CEO."

Witness 1, Witness 3, and Witness 4 told Witness 10 that Risco had said he "would have Witness 10 before the end of the year." Witness 10 reached a breaking point towards the end of December 2019. Risco's behavior was beginning to affect her home life. She didn't tell her husband about all of Risco's behaviors. She concluded that, "This can't be my life."

In December of 2019 when Witness 1 was in town, Risco, Witness 1 and Witness 10 went to dinner three nights in a row. Witness 10 felt that she couldn't decline the dinner offers because she was afraid Risco would get upset. Risco would often say to Witness 10 that he needed a girlfriend. She later realized that he meant her.

Risco had been taking Witness 10 on all of his trips which was creating an image that Witness 10 was his girlfriend. He always wanted to "hang out with her" during trips. He would

also put his arm around her at times. She recalled this happening while on a trip to Washington, D.C., and New York City where he put his arm around her. He was talking very closely to her in her ear with his lips touching her ear which gave the appearance she was his girlfriend. Risco would also make certain references to her when she had her hair styled. Witness 10 mentioned that on a trip to Dallas Risco had made comments about not liking African Americans wearing their hair braided and preferred long straightened hair. Witness 4 went to the conference in Dallas with her hair natural and came back with it straightened.

Witness 10 recalled a meeting with Risco in January of 2020. The meeting was to discuss Witness 4 having been arrested for driving while intoxicated. Attending the meeting were Randy Frantz, Kim Blanton, Lorri Lee, Risco and Witness 10. During the meeting in Risco's office, they pulled up a mugshot of Witness 4. Risco asked the group whether Witness 4 should be held accountable for this and disciplined in some manner.

Witness 10 responded that in her experience if a person didn't need to drive on a regular basis for TARC that it was not something warranting disciplinary action. Witness 10 wondered why they were having this discussion. It bothered her. She thought it might be a form of retaliation by Risco. She believed that Risco was trying to justify his actions and wanted the others to concur with his concern about Witness 4 to provide cover should there be any pushback from Witness 4. In talking to Witness 4 about the matter, she stated that Risco knew about the incident. Witness 4 informed Witness 10 that in February of 2019 she was out partying with Daryle Unseld and Risco. They were out drinking and then went back to Risco's apartment. Risco had sex with Witness 4's friend that evening at his apartment. When she left Risco's apartment, she was stopped by police. Witness 4 informed Risco the next day about having been stopped by the police.

By January of 2020, Risco became more paranoid. People were beginning to realize who he really was. Risco placed Witness 4 into the circle of people that he didn't like or were a threat to him. He would try to fire people who he perceived were a threat to him. Witness 4 was in this circle because of the tone of her emails and related to her evaluations. Risco had some friends outside of TARC who Witness 4 knew about and he wanted to get rid of Witness 4 before she spoke up to his friends about his behavior.

Witness 10 recalled Risco entering into an agreement with a friend of his, Todd Mason, who worked for Colonial Life Insurance Company. Risco had met Mason through an APTA Conference in May of 2019.

Witness 10 also observed that Risco frequently did not have money to pay for dinners. He would make references to having a “free dinner” when he would go out with people. Risco would order a lot when he went out to dinner knowing someone else was going to pay. He tended to drink a lot when going out to dinner. There were times when he would use the TARC credit card for these evenings out. Risco would occasionally remind Witness 10 and Randy Frantz how much they were making as a way to manipulate them. Risco also did not feel he was being paid enough.

In June of 2019, Witness 5 was the executive assistant to Risco. She reported directly to Risco. Later, he changed the reporting to Randy Frantz. Risco did not like Witness 5’s appearance. Risco told Witness 10 not to help her out as he was trying to find anything to “nitpick her about” in order to get rid of her. In 2015, Witness 10 appeared on The Steve Harvey Show. Risco asked for pictures and video of this. After reviewing the pictures, Risco said that Witness 10 was “chunky” in the video. He shared the video at a team meeting. Attending the meeting were Witness 10, Witness 5, Randy Frantz and Jeremy Priddy.

Risco used profane language both within TARC and during external meetings. He used the words, “nigger, colored and coons” referencing black people acting in a certain way. She recalls Witness 1 stating at one time that she wished Risco would not use those words.

Risco encouraged his inner circle to use the Signal app through which messages could disappear after a certain amount of time. Witness 10 did not see the need to use the app. She recalled a time when Witness 1 showed her a selfie that Risco had sent one night to Witness 1. It was a picture of him on a scale with his penis showing. This was in the fall of 2019. Witness 10 described Risco as a bully. When he was the Executive Assistant Director, he tried to belittle Witness 21 in the Training Department. He sent him emails which had a tone as if Witness 21 was a child. Risco often sent messages that were demeaning to others. Witness 10 described his behavior as a “cyber bully.” She remembered Risco’s efforts to get rid of an employee named Nick Van Hooser. Witness 10 thought that Risco was intimidated by Van Hooser because Van Hooser was taller than Risco. Anyone who Risco perceived as a threat or he felt intimidated by he would try to get rid of.

Witness 10 did not report Risco's behavior to the board because of a fear of retaliation by Risco if he found out that she had reported him plus the embarrassment to herself. Witness 10 did not want to lose her job and was trying to protect her kids and husband. She felt that she could take the stress. She was embarrassed and ashamed. She was aware of Risco's sexual involvement with Witness 1. During her tenure as Chief of Staff, she assumed the position as a "go-between" between Risco and other employees.

She also mentioned that while working in retail years before she was sexually assaulted. She reported the incident, and it took some time for that person to be fired.

She also contrasted Risco's behavior in board meetings to that of Barry Barker. Barker was very inclusive and would have Directors handle many of the reports. Risco changed the format and started giving the financial reports himself and took the Finance Director off the agenda. She heard Risco making derogatory comments about the members of the TARC board.

Witness 10 received no onboard training, no EEO training when initially hired and no EEO training while Chief of Staff.

In terms of recommendations to prevent the type of behavior by Risco, she stated that there need to be more checks and balances by the board. She stated that the Executive Director should not be allowed to have so much power. She also recommended onboard training for all employees and EEO training. Risco had access to all information about employees to include if they had sought help through the EAP program or made an EEO complaint. He would use this information against employees who might be seeking another position at TARC.

She did reach out for former board chair, Cedric Powell, to let him know about Risco's management style and the culture and climate at TARC under Risco but not the sexual aspects. She made that contact with Powell at the end of January 2020. She told him that she did not know what to do and that he was ruining things. She felt comfortable talking to Powell because she had developed a relationship while he was on the TARC board.

She also recalled in January of 2019 at a board meeting when Theo Hamilton from the TARC union stood up and told the board that Risco was not competent to be the Executive Director.

On the Saturday before Risco was fired (February 8, 2020), Witness 10 called board chair, Mary Morrow. She did so because Witness 4 told her that Witness 4 had called Mary Morrow the day before. Witness 4 encouraged her to call Morrow to tell her what she knew.

Witness 10 then spoke to Morrow about her concerns and not being sure what she should do. She informed Morrow about Risco's leadership style. Morrow asked about Risco's handling of the finances and if Witness 10 knew of Witness 1. Morrow said that the board was looking into the finance issues with Risco. Morrow reassured her that everything would be okay and to be patient.

WITNESS 11

Witness 11 received a Bachelor of Communications from Berea College in 2006. She received a Master's in Public Administration from Kentucky State University.

In 2015, she was employed by the Kentucky Transportation Cabinet in the Civil Rights Division. She investigated violations of EEO matters and sexual harassment and hostile work environment issues. In 2017, she accepted a job with the Lexington Public Transportation. She was the compliance officer. She investigated the same types of matters that she did while working at the Kentucky Transportation Cabinet.

She was hired by Carrie Butler who was the general manager at the Lexington Transit Company. Butler had previously worked at TARC. Butler recommended that Witness 11 apply for a job at TARC.

In April of 2018, Witness 11 was interviewed for the Director of Diversity and Inclusion at TARC. Risco, Kim Blanton and Witness 10 were on the interview panel. Kim Blanton called Witness 11 after the interview and offered her a coordinator position which she turned down because of the salary. Risco later called and said, "Give me a number that would be sufficient to get you to come to TARC." They offered \$59,000 which she accepted. Witness 11 began her employment at TARC in June of 2018. Her office was in the executive suite next to Risco's office. Witness 11 was commuting from Lexington to Louisville as she did not want to move her son out of his school that he had been attending in Lexington.

Shortly after starting her career at TARC, she started to notice things that seemed inappropriate to her. For instance, Risco would make comments about his extensive drug use while in college to include hallucinate drugs. Witness 3 was also present when he made these statements. Witness 11 thought it strange for him to talk to her about this matter.

Witness 3 asked Witness 11 if she wanted to go out for drinks after work. Witness 3 asked Witness 11 what types of drinks she liked. She also asked Witness 11 if she was dating.

During this discussion, Risco was coming in and out of his office. She thought these questions were prompted by Risco's interest in her.

Risco also was prone to talk about his "one-night stands." Witness 11 responded to him when he discussed this behavior that she was not that type of girl. Risco would talk about dating. He gave explicit details on how he would prepare a female for sex. He used his hands and gestured how he would use his hands on female genitalia.

Both the drug and sexual conversations were huge red flags for Witness 11. She thought about going back to Lexington but the TARC job gave her financial independence and promotional opportunities not found in her prior employment.

The next day after these discussions, Witness 3 came to her office and asked, "Are you okay about yesterday's conversation?" Witness 11 downplayed what had transpired. She did so because of the career advancement potential at TARC. Risco mentioned to her that he could, "take her to the top."

In September of 2018, Witness 11's supervisor, Jennifer Delahara, who had been the Director of Diversity and Inclusion, left. Witness 11 did not have a supervisor for many months thereafter. Risco never met with her about what he wanted her to do after Delahara had left. In November of 2018, Risco asked her to meet with a nonprofit organization working with at-risk youth. She participated in the meeting and typed up a summary of what was discussed. When she presented it to Risco, he said, "It's up to you to figure it out," meaning that he was not going to give her direction on whether the project would be beneficial to TARC.

In December of 2018, Risco asked her what her plans were for recognizing Veterans Day. She typed up an email to the veterans. Shortly thereafter, Risco asked her, "What are you doing for Christmas?" Witness 11 requested \$900 for a Christmas tree for the TARC office. Risco criticized Witness 11 and said, "Why are you so excited about Christmas?" He admonished her for spending so much money for the Christmas decorations. Soon thereafter, she received an email from Risco in which he expressed concern about the work that she had performed since her boss, Delahara, had left. He asked Witness 11 to provide a summary of the work she had done since Delahara left. Witness 11 stated that she conducted investigations of EEO matters. She also had provided Risco with information about what diversity and inclusion should include. She also told him that she had been on interview panels and did other taskings. She felt that Risco's treatment of her changed when she rebuffed his sexual overtures.

Throughout her employment, she was frequently stressed about the potential of losing her job. She felt that her work was never good enough for Risco, especially after she declined his sexual advances.

She recalled a time when they were ordering lunch and she made a comment about putting on weight and only could wear leggings. Risco stated, "Oh, you can wear leggings!" giving her the impression that she would look good in leggings. Witness 11 stated she felt there was a list of people Risco would like to sleep with. One of the persons on that list was herself. Witness 3 told Risco to back off pushing Witness 11 about sexual matters. After she expressed concern about this, she felt that there was a dramatic change in how Risco treated her. That is when she started to notice him not being nice to her.

Witness 3 knew everything about Risco. Risco would tell Witness 3 about women with whom he wanted to sleep. Witness 3 told her that she was one of the girls he wanted to sleep with. After Witness 3 had a conversation with Risco about leaving Witness 11 alone, he treated Witness 11 differently.

There were times when she felt uncomfortable about the way that he looked at her. She also noticed that he looked at other women.

Witness 3 would pull Witness 11 and Witness 6 out of their offices when females would go into Risco's office and meet with him so they could not hear the sounds from Risco's office. Witness 11 had a vent in her office which connected to Risco's office. Witness 3 told Witness 11 that the people in the office were doing sexual things.

Witness 3 was like a mother to Witness 11. Witness 3 told her that Risco was having some type of sexual relations with a person named Sydney in the Purchasing Department. Risco also "had a thing for Witness 7" according to Witness 3. Witness 11 recalled some story about Risco showing his penis to Witness 7.

In February of 2019, Witness 4 was hired for the Director of Diversity and Inclusion. Witness 4 was hired after the position had already closed. Witness 3 told Witness 11 that Witness 4 was hired because she "didn't have a gag reflex." Witness 11 believes that Risco and Witness 4 had some type of relationship. Witness 3 told her they were sleeping together both before and after Witness 4 was hired. Witness 4 did not have any experience in diversity and inclusion when she was hired. Witness 4 treated Witness 11 very poorly. Witness 11 was in fear of losing her job after Witness 4 was hired.

Witness 11 had seen that Risco's Chief of Staff, Witness 6, was terminated shortly after she had spoken to Witness 4 about Risco's behavior. Risco alleged that Witness 6 was fired because he did not need a Chief of Staff position. Risco told the TARC board the same thing. After Witness 4 was hired, Witness 11 was treated poorly by both Witness 4 and Risco. Risco witnessed Witness 4 treating Witness 11 poorly. She felt that the mistreatment was because she did not want to participate or did not capitulate to Risco's sexual overtures.

Witness 3 had told Witness 11 about Risco following girls and watching girls coming into work at the same time. Witness 3 also stated that she had observed Risco coming into work about the same time as Witness 4 and another employee with the first name of Sydney.

Witness 11 believes Witness 4 had been having a sexual relationship with Risco. Witness 4 contributed to the hostile work environment at TARC. Witness 4 told Witness 3 she was going to learn all the regulations so she could fire Witness 11. At one point, Risco called Witness 11 into his office to talk about an investigation she was conducting concerning an employee. Witness 11's investigation involved his inappropriate comments such as, "We're getting a black girl," when an African American was being hired for the Purchasing Department. The case involved discriminatory comments and hostile work environment. Witness 11 met with Risco about the case. Witness 11 wrote up an investigative summary and sent it to Witness 4. She is not sure what happened to the investigation after it was given to Witness 4. She thought there might be some type of a coverup related to that investigation by her.

Risco allowed Witness 4 to practice law while working at TARC. Witness 11 observed her doing her personal law practice on TARC time.

Witness 4 was like a bully towards Witness 11. Risco allowed this behavior. She had a meeting with Risco and Witness 4 who threatened her with being fired because Risco and Witness 11 could not get along.

Witness 11 informed Witness 6 who was the Chief of Staff about Risco's behavior. She in turn told Witness 4 who then increased her mistreatment of Witness 11. Witness 4 made fun of the way she dressed and kept her hair. Ultimately, Witness 11 left TARC because of the way that Witness 4 and Risco were treating her. She did not want to leave TARC but was afraid of losing her job. She underwent therapy, had significant sleep issues, lost a relationship, and went on an antidepressant drug as a result of the way she was treated by Risco and Witness 4.

She recalled an incident where Witness 2 was sexually assaulted by [REDACTION #1]. Witness 4 and Witness 7 reached out for Witness 2 and told her to walk back the statement to say that the conduct had not been a sexual assault. She believes they did so at Risco's direction.

WITNESS 12

Witness 12 has an Associate degree in Human Resources from the Jefferson Technical College. Prior to coming to work for TARC, she worked at the Jefferson County Attorney's Office, Child Support Division. In January of 2018, she was hired by TARC. She moved to TARC for better pay and benefits and the opportunity for growth. She started as a driver, was later promoted as a customer service/paratransit support role. In April of 2019, she was promoted to a position in the Purchasing Department. She was very pleased with her promotion as she considered it working her way up in TARC. She loved her job at TARC and wanted to make it a career. She found her role very important and meaningful and enjoyed serving people.

When she was transferred to the Purchasing Department, she had the responsibility as a buyer. Her boss was Michael Ratchford. As a buyer for TARC, she handled the purchase of anything TARC needed from bus parts to toilet paper and papers and pens. She had constant contact with vendors. She also worked with fellow employees Michael Fitzwater, Mary Cooper and Witness 24. Mary Cooper, who was the senior buyer, was her supervisor.

During the interview process, people within TARC told her to be very careful that "no white people work in the Purchasing Department." Witness 12 thought her interview went well and later that day was offered the job by Ratchford. Ratchford made an offhanded remark that, "In spite of the decision, I'm going to give you an opportunity, so I'm going to give you a chance." Witness 12 thought this was a very "weird" comment.

Witness 12's prior supervisor at TARC said they wished they could have kept Witness 12 but they couldn't increase her pay so she sought the advancement in the Finance Department. For two months, Witness 12 worked in both departments at the same pay. She worked in the Purchasing Department Monday through Friday and the Paratransit Call Center on Saturdays.

After being assigned to the Purchasing Department, she was told that the senior buyer, Mary Cooper, would be training her. However, no training was provided. Witness 12 told

Ratchford that, "I want to be an asset to the department but have not received any training." The processes and systems in place in the purchasing were new to her.

From time to time, she would ask Mary if they could do training. Mary responded, "I have my own job. I don't have time."

Witness 12 then told Ratchford that no training had been provided to her. He told her to get it on the schedule. The day that it had been scheduled initially was on a day when Cooper had just returned to the job. Therefore, they rescheduled the training for another day. The day that the training was scheduled was a day when Cooper had just returned from vacation. When Witness 12 asked Cooper about the scheduled training, Cooper responded, "What 'effing' training are you talking about?" Witness 12 responded that it was on the calendar and that the training was to be on handling contracts. Cooper responded, "I have my own shit to do." Cooper called Ratchford and said, "What's this shit on my calendar? I have my own shit to do." Ratchford had both Witness 12 and Cooper come to his office to discuss the matter. After a combined conversation, Witness 12 was excused from the meeting. When Cooper left the meeting, she told Witness 12, "Give me 30 minutes." Approximately 30 minutes later, Cooper provided 30 minutes of training.

The next day, Witness 12 asked Cooper for additional training. Cooper responded that she didn't have time but Witness 12 noticed that Cooper was playing Candy Crush on her computer.

In August, she had ordered glass for the buses, but the glass had been on backorder. Witness 12 tried to find another vendor to provide the glass sooner. Cooper stated to Witness 12, "You need to call that 'effing place to see where the glass is." Witness 12 explained to Cooper that they had discussed the order over the past weeks and that Witness 12 had given Cooper updates regarding the matter. Cooper then "blew up." At this time, Witness 12 felt like quitting the way she was being treated. The behavior was very foreign to what Witness 12 had experienced previously at TARC. Witness 12 left the meeting and went to the bathroom to cry. Fellow employee Witness 24 came in to check on her. When she got back to her desk, Ratchford came in and asked for an update on the glass as if Witness 12 was not doing her job. Witness 12 produced the emails to show that Cooper had been updated on the status of the glass.

A day later, Witness 12 went to the Human Resources Department and spoke to Susan McKenick about the hostile work environment. Prior to doing so, she had spoken to Ratchford and told him that, “I do not talk to Mary like that and I don’t want to be talked to like that.” Ratchford responded, “That’s just Mary, that’s who she is.”

Another employee attempted to console Witness 12 and stated, “I know what you’re dealing with, she will be leaving.” Sometime thereafter, Witness 12 learned that Cooper and Ratchford had been found “guilty of hostile work environment.” Both of them created a hostile work environment and were racially discriminatory.

Witness 12 also recalled a time when Witness 24 was going to provide her with training on vendor contracts. While they were working together, Ratchford walked in and stated that he was interested in one of the vendor contracts. Witness 24 and Witness 12 asked him which contract he needed. Ratchford responded, “The one with the Asian lady, I can’t work with her kind.”

Witness 12 saw signs of racism. She noted that Ratchford took a fellow buyer to events with vendors but did not take Witness 12 with him. Witness 24 asked Witness 12 why she didn’t go. Witness 24 said that Witness 12 should have gone to the event to gain knowledge about the vendor contracts. Ratchford continued to take another employee to events and excluded Witness 12 from the vendor events. She was never given the opportunity to attend the vendor events. Witness 12 spoke to Human Resources Director Kim Blanton and Diversity and Inclusion Director, Witness 4, about the situation. To further illustrate Ratchford’s unfair, unequal treatment, she noted that Ratchford took employee Fitzwater or the other employee to a vendor event after Fitzwater had given his two weeks’ notice. Fitzwater, who was leaving stated, “I don’t like what they’re doing to you.”

When Fitzwater was asked to attend the event with Ratchford after he had submitted his resignation, Fitzwater stated to Ratchford that he thought it would be good for Witness 12 to go to the event. Ratchford replied, “I hadn’t thought about it nor had I planned on it.” Witness 12 found the statement demeaning, demoralizing and degrading as an employee.

Shortly after this incident, William Harris, the Director of Transportation, approached her about moving to bus maintenance. He made comments that Ratchford had said he didn’t want a

black girl in the Finance Department. This conversation with Harris occurred on a Friday. On the next Monday, Ratchford approached Witness 12 and said, "I know you were approached for another job, I need to know what you're going to do." He went on to say, "I'm not going to send you to training if you're not going to stay in the department." He then had a meeting with Witness 12 in which Cooper participated and reviewed Witness 12's personnel file in front of Cooper and Witness 12. He told Witness 12 that Cooper was her supervisor. Ratchford went on to ask, "Are you not happy back here?" Witness 12 responded that she wanted to grow and excel and wanted growth. Ratchford responded, "You need to talk to me before applying for positions within the company." Witness 12 responded that she had never been told about that policy. Ratchford responded, "It's called consideration."

In October of 2018, Witness 12 went to Randy Frantz to talk about Ratchford's behavior. Frantz replied to give him two days and that he would address it. Frantz went on to say that Risco would be back in two days. Witness 12 never heard back from either Frantz or Risco on the matter.

On the next meeting with Ratchford, he stated, "I can reorg this department if you don't like working back here." This left the impression with Witness 12 that her job could be eliminated.

On another occasion, Ratchford criticized Witness 12 for her handling of reorders. Ratchford asked her, "Who told you to do that?" Witness 12 brought in fellow employee Fitzwater to verify that this was how she was told to reorder items.

Due to the hostile work environment, Witness 12 started to apply for outside jobs. She was having anxiety attacks, panic attacks, had to seek counseling and was prescribed medications to help deal with the anxiety. Ultimately, she took a lesser paying job to get away from the hostile work environment.

Concerning the hostile work environment, she further stated that both Cooper and Ratchford would ask her every time she got up from her desk where she was going.

Witness 12 had heard Ratchford make racial comments. One time, she overheard him say reference, "The faggot in the credit union." Other employees told her that Ratchford didn't like black people. She believes that management at TARC knew this but did not address the

situation. She also noted that her prior boss at TARC who was a lesbian came by to tell her how much she missed Witness 12 in her department.

Ratchford overheard their conversation and after her former boss had left, he stated, “What, Wanda has a wife?” This gave Witness 12 the impression that Ratchford thought it was wrong. Witness 12 quit because she couldn’t take the stress anymore.

Witness 12 stated that on other instances Ratchford had employees tell him how long Witness 12 was on a break. If she was five minutes over the allowed break time, he would call her into his office and criticize her. He also criticized her for going straight to Human Resources and Diversity and Inclusion Department. She stated that the policy allows her to do that. Ratchford responded he does not know of that policy.

Everyone in the Purchasing Department had a nickname. Witness 12’s nickname was “[deleted to protect identity].” She also went on to say that she referred to Ratchford as “Ratchford.” Others in the department did the same. Ratchford brought her into his office and stated, “Randy told me you need to call me Mr. Ratchford.” Fellow employees Witness 24 and Fitzwater never were told that they needed to refer to Ratchford as “Mr. Ratchford.” Witness 12 followed up with a conversation with Frantz who said that he did not tell Ratchford that employees needed to call him “Mister.”

Witness 12 told Frantz that she wanted to meet with Risco. Frantz stated that he would get back to her but never did.

Ratchford gave her a 2 on her performance appraisal under the category Conflict Resolution because she went to Frantz. Witness 12 also went to the TARC EAP. She asked to take medical leave but Cooper called her and said it was not a medical matter and she couldn’t take sick time. Witness 12 reaffirmed that she was permitted to utilize sick time. The next day Cooper was very nasty to her. Witness 12 never saw anyone else in the department treated the way she was treated.

Witness 12 stated that TARC did nothing to protect her and this failure resulted in tremendous mental health issues for her. Witness 12 does not believe that TARC did enough to adequately address the problems of Ratchford and Cooper. When she left TARC, she took a pay

cut from \$17.50 to \$16. She now works at Metro Government and works with people who are providing the requisite training and treating her properly as a human being.

Finally, Witness 12 stated that she received no onboard training when coming to TARC, received no EEO training and was not provided an EEO policy. She concluded that she should not have had to endure the hostile work environment that she did.

B. HOSTILE WORK ENVIRONMENT – ISOLATION AND MARGINALIZATION

In addition to hostile work environment created by Risco's sexual predatory behavior and other conduct as outlined above, other employees reported bullying behavior that also created a hostile work environment and other behavior that created a feeling of isolation and being marginalized. Many felt threatened by Risco's frequent innuendos about terminating employees and getting even with people. Employees then witnessed these innuendos become reality when many employees were terminated, or their positions eliminated. Risco often called meetings at the end of the day and on Fridays during which he would take glee in announcing another termination. His action at TARC mirrored much of what was reported by employees at MARTA. The following are examples of the hostile work environment cited by current or former employees.⁷⁶

WITNESS 21

Witness 21 oversaw the Training Department. He retired from TARC in January of 2020 after nearly 30 years of service. He felt that he was forced out Risco. Witness 21 stated that from the time that Risco arrived it seemed like he had an adversarial relationship with Risco. Witness 21 believed Risco had problems with men and preferred working with women. Witness 21 perceived it to be a hostile work environment after Risco was promoted to Executive Director.

Witness 21 believes that an agency the size of TARC which operates a transit agency for a large metropolitan city should have a training department, however, Risco dismantled the Training Department when he arrived.

⁷⁶ Throughout this report, persons in Director level position are identified by their name and title; others who were potential victims of Risco's sexual harassment or asked for anonymity have been identified by a witness number throughout this report.

Witness 21 was then placed into a new role but not given a job description as to what was his new job role. The Training Department was one of the largest departments at TARC with approximately 300 to 400 employees. The new position that was created for Witness 21 was Director of Quality Assurance but soon after being placed in this position, Witness 21 felt that Risco was out to get rid of him. Consequently, Witness 21 left before he was fired. He stated he had no plans to retire but felt it was necessary so he would not lose his benefits that he garnered over his almost 30-year career with TARC.

Witness 21 noted that under the former Executive Director, Barry Barker, TARC did not have the turnover that it seemed to have when Risco arrived. It seemed like people were being forced out and replaced with younger females. Witness 21 believed that many of the women moved into the jobs previously held by experienced career employees lacked the experience for the jobs into which they were placed. As an example, he mentioned Michelle Bartoszek who replaced Witness 21 with training responsibilities. Witness 21 noted that most of the women hired by Risco were young African American females.

He mentioned that several people left TARC because they were concerned about keeping their jobs. Risco mentioned on his first day at TARC that, "People usually bring me in to get rid of people." This statement left the impression that Risco planned to get rid of people such as Witness 21. Witness 21 believes that the new job into which he was placed was created with no directives to set him up for failure. Examples of persons who felt they were forced out included Jimmy Jones who was the Director of Safety and Security. He was replaced by a female named Lori Lee who Witness 21 did not believe had the requisite experience for the position. Another person who left was Witness 25 who went to the Jefferson County Public Schools system.

Risco also dismantled the Marketing Department which had been headed by [REDACTION #1].

Another promotion that troubled Witness 21 was the promotion of Witness 10 to Chief of Staff. TARC had never had that position prior to Risco's arrival at TARC. Witness 10 received a raise of \$50,000 when she was placed into this new position. Witness 21 believes that Risco placed Witness 10 in this position so that he could be close to her.

Witness 21 also noted that prior to Risco's arrival someone from the Finance Department would attend TARC board meetings and brief the board on financial matters; however, when Risco arrived, he would be the only one briefing the board members.

Witness 21 also cited as negative actions by Risco the shutting down of the call center that provided assistance to special needs riders, changing the insurance company used by TARC to a company located in Georgia, and changing the paratransit company which he did not believe resulted in any financial benefit to TARC. The prior company serving paratransit clients had been doing a good job. There were rumors that Risco may have received a kickback for the change of this contract.

Another person that Witness 21 stated had been forced out was the Road supervisor, Daniel Elve. Witness 21 said he had heard Witness 7 did not get a promotion because she did not submit to Risco's sexual overtures. Finally, Witness 21 noted that he had heard that Risco only had women working for him when he was at MARTA.

WITNESS 22

Witness 22 was a TARC employee for 22 years. He was Transportation Training Manager making \$57,000 per year with benefits and a pension. Risco forced him to retire early in January 2020 and replaced him with a younger, less-experienced individual. Witness 22 had to purchase four years of service at a cost of \$92,500 to increase his pension. He had planned on working at TARC until he was at least 67. Risco forced him out at the age of 53. He lost 14 years of income, his health insurance, and has a much lower pension than he would have had he been permitted to complete what he described as a stellar career at TARC as he planned. Being forced out of a career he loved and had devoted his life to devastated Witness 22 emotionally and physically. He stated he was under so much stress that his marriage was nearly destroyed, and he had to seek professional help.

WITNESS 23

Witness 23 was a loyal TARC employee for almost 35 years. He was Supervisor of Road Operations making \$65,000. At Risco's direction, Michelle Bartoszeck called Witness 23 into her office in April 2019 and asked him how old he was and how many years he had been at TARC. Witness 23 answered her questions, and her response was to tell him that he better look for other job options. He reported this conversation to Kim Blanton, but nothing was done. He asked for a copy of his personnel file. His request was denied, but Blanton told him that the only things in his file were merit raises anyway. Witness 23 lost wages, has a lower pension and must

now pay for health insurance. He suffered humiliation and depression from what he believed was age discrimination.

WILLIAM HARRIS - DIRECTOR OF MAINTENANCE

Harris has worked for TARC for approximately 15 years. He became Director of Maintenance in November of 2015. His responsibilities are to provide clean, safe, and reliable vehicles for transportation to the community. When fully staffed, he has oversight of 115 employees. When Barry Barker was the Executive Director, Barker was an easy man to talk to. If there were concerns, he could approach Barker.

When Risco was hired, there was a definite change in atmosphere. Risco had a different vision for TARC. He had a vision for new ideas. Harris agreed with some of those ideas; however, he was concerned about the significant number of experienced employees who were leaving after Risco became Executive Director. He stated that TARC lost a lot of experienced employees to include the Director of Transportation Dean Franklin, Safety Director Jimmy Jones, Marketing Director Kay Stewart, Paratransit Director Priscilla Rao and Director of Training, Witness 21. He described all these employees as very good employees.

Harris noted that Risco seemed to create positions for vets. One of the departments that Risco dismantled when he came in was the Training Department. Risco dismantled the Training Department and placed the then-Director, Witness 21, into a role called Director of Quality Assurance. Witness 21 was placed in this position at the same pay that he had been receiving but with no instructions as to what this new position entailed or what his responsibilities were.

Harris also did not understand why other employees were let go. For example, Risco removed Witness 6 as his Chief of Staff and eliminated the Chief of Staff position purportedly for budgetary reasons. Then a few months later, he brought the position back and placed a new person in as Chief of Staff.

Harris believed Risco's executive staff were overly friendly in meetings and seemed inappropriate in their behavior. He recalled going to Risco's office at one time when three to four females were in his office giggling and behaving unprofessionally. He mentioned the names in that meeting as Witness 4, Witness 7, and Witness 3. Harris described their behavior as out of place. He recalled that Witness 3 would routinely go get food for Risco.

A committee was formed in preparation for the 2019 APTA Bus Roadeo which was hosted by TARC. Harris observed that some persons on this committee had nothing to do with maintenance or transportation but seemed to be along for a free ride—referring to persons in the executive suite.

In preparation of the event, Harris and then Transportation Director Franklin began studying how like cities of Reno and Tampa prepared for the bus roadeos in their cities. Females from Risco's executive staff traveled along. Harris believed there was a lot of drinking involved in their participation. He added that there was no valued added by their participation.

Harris also noted that Risco created Director positions for persons who had no direct reports such as Witness 7 and Witness 10 who was hired as the Director of Employee Engagement and the position that he created for Witness 21.

One of the things that Risco did was he took cellphones and cars away from some of the road supervisors which angered them.

Harris stated that he did not observe any inappropriate sexual contact with other employees except he did note that Risco seemed to be prone to hugging female employees.

Harris again reiterated that TARC lost a lot of good people with significant experience when Risco took over.

THEO HAMILTON – TARC UNION PRESIDENT

As noted above, TARC Union President Hamilton stated that once Risco was hired as the Assistant Executive Director, Hamilton began to hear concerns voiced about him by the union membership. One of the principal complaints was his bullying behavior and abusive handling of the employees. One example given was the drivers had taken up collections to buy bicycles to hand out to persons in need. These bicycles were stored in the drivers' lounge at TARC headquarters. One day around noontime, Risco walked into the room and saw the bicycles and said to the drivers to get rid of them by the end of the day.

Hamilton also stated that a number of people began retiring because of Risco. Some told Hamilton that they could not work like this and were fearful that he would fire them without adequate cause. Some names given included Dan Franklin, prior Director of Transportation, who Hamilton said was forced out by Risco; Dan Elbe, the Executive Assistant Director of Transportation; and Witness 21. Dan Franklin had voiced to Hamilton that when he attempted to

terminate someone Risco reprimanded him and treated him poorly because of his decision to terminate the employee. Other names mentioned by Hamilton included Steve Brown and David Burke.

KIM BLANTON - DIRECTOR OF HUMAN RESOURCES

Blanton received a Marketing certificate from Spencerian College and a Human Resource certificate from Bellarmine. She was hired by TARC in 1990 as a Benefits manager. In 2005, she was promoted to Human Resources Director.

Her duties as Human Resources Director include hiring, recruiting, discipline, termination, benefits, drug and alcohol program manager for the employees at TARC. TARC has a total of 630 employees.

Risco was hired in February of 2017. No background check was conducted when he was hired. Blanton was one of the applicants when Risco was hired as Executive Director and, therefore, did not participate in the hiring of Risco.

When Risco was initially hired, Witness 25 assisted him with his needs as a new employee. It was agreed that TARC would help Risco with moving expenses, business cards and benefits packages.

Blanton met Risco on his first day in the office. She asked him if he needed anything. Within a couple of weeks of his hire, he sat down with Blanton and asked her what her top three priorities were and what she would like to see changed at TARC. She mentioned to him the need for a pay study for employees. She thought a pay study needed to be conducted because she felt compensation was on the low side for administrative employees. TARC is competing against the private market industry where she believes salaries are higher. She did work on getting a pay study conducted and then received a message from Witness 10 to stand down.

In her interactions with Risco, she observed that he could get frustrated easily, said what he thought and was very demanding. Risco would use profanities in meetings. He would get frustrated if he did not like the answer provided by an employee. He also did not seem to listen when in discussions with him. Because Risco had had some experience in human resources, he did not seem to listen to her about some matters. He frequently referenced MARTA and the way

things were done at MARTA. In meetings with other Directors, they frequently mentioned Risco as being very demanding and “wanting what he wanted.”

Risco never touched her inappropriately. Blanton had no information about sexual harassment.

Blanton discussed the hiring of various employees. Risco made the ultimate hiring decisions on persons at Director levels and above. During his tenure at TARC, he was responsible for the hiring of Michelle Bartoszek, Lorri Lee, Witness 4, Witness 5, Wanda Henderson, Witness 6, and Brian Butler.

Bartoszek, Henderson, Witness 6 and Butler had military experience before being hired by Risco.

During the period that Risco was the interim Executive Director, Witness 10 was made the Director of Community Engagement and paid \$75,000. Risco also promoted Witness 7 who was a Graphic and Web manager to Director of Customer Experience and raised her salary to \$75,000. Blanton was not consulted regarding these promotions or salary increases.

Witness 6 was initially hired as chief of staff for Risco. She was hired in August of 2018. In April of 2019, Risco fired her. He told the other Directors that she was being terminated because the position was being eliminated. Risco claimed that the elimination of the position of chief of staff was a cost-reduction measure. A few months later, Risco stated that he was promoting Witness 10 to be chief of staff. Blanton was informed of this move right before a board meeting was to begin. Blanton was concerned about the fact the position had previously been eliminated and now was being filled. She told Risco that it would be better to do a title change and work description that was different than a chief of staff position that he had eliminated but he disregarded her advice.

Witness 10 had prior experience as the assistant to the Executive Director. When Witness 6 was the chief of staff, she was paid \$75,000. When Witness 10 was promoted, Risco increased her pay to \$120,000. Risco claimed that he wanted her salary to be higher than the highest paid Director. At the time, the highest paid Director received \$115,000 (IT Director). Other Directors' salaries were around \$105,000. Blanton was concerned because the salary information would be public, and she believed other Directors would be unhappy with the

significant pay raise that Witness 11 received that was greater than theirs. Blanton would have recommended a salary of \$100,000. Blanton did research for similar positions in the market and determined that the salary average was \$100,000. Risco disagreed with her recommendation and was dismissive of her.

During Risco's tenure, the board did not approve any hires. Risco would simply mention some hires during board meetings. When he fired Witness 6, he told the board that he was eliminating some personnel from the executive staff because of funding issues. In reference to the funding issues Risco stated, "We're already taking the first hit." Blanton does not believe that the board was advised of the specific reductions in the executive staff. Moreover, the board did not make an inquiry when Risco mentioned staff reductions. Blanton was also unsure whether the board was aware that Witness 10 was promoted to chief of staff. There was also no discussion during board meetings about Witness 6's position having been eliminated or Risco hiring a new chief of staff only months after he claimed the position was being eliminated. The board is not involved in approving salaries of new hires.

Blanton stated it was very unusual for an employee to receive a pay raise of \$40,000 or more. She thought it was inappropriate for Witness 10 to receive such a huge pay increase. She stated that the pay raise was noted by other employees especially others who thought they needed a pay raise but had not received any. Risco had been telling other Directors that pay raises were not possible because of funding shortages, yet they saw Witness 7 and Witness 10 receiving significant pay increases. Blanton noted that she has worked for TARC for 30 years and her salary at the time was \$103,000 which was significantly less than what Witness 10 was being paid and Witness 10 had many years less experience. Blanton mentioned that previously an employee by the name of Jennifer Delahara had provided EEO training to some employees at TARC. She recommended that a training department be reinstated and that EEO training be provided to all employees.

She stated that a review of Risco's personnel file disclosed that there was no background check completed when he was hired.

MICHELLE BARTOSZEK - DIRECTOR OF TRANSPORTATION

Bartoszek stated that she was never the victim of inappropriate behavior by Risco. She did state, however, that other employees would tell her about Risco's inappropriate behavior. Specifically, she mentioned Witness 4 would tell her about her escapades with Risco. She recalled one time when Witness 4 got a bad review and Witness 4 stated she was going to "get his ass." Witness 4 was very upset about the poor performance evaluation.

Bartoszek stated that a lot of people came to her to vent. She also recalled an instance when Witness 4 went to a trip in Dallas with Risco. She returned and said that she had had sexual escapades with someone in Texas. Bartoszek later determined it was Risco. Witness 4 said to Bartoszek that she was "shocked by his dick." Bartoszek had some follow-up conversations with Witness 4. Another employee who shared information with Bartoszek was Witness 7. She confided in Bartoszek that she was under significant stress.

TONYA CARTER – DIRECTOR OF FINANCE

Carter recalled that Risco's behavior at times was unprofessional. She recalled a time Risco and others were participating in a conference call with a consultant when Risco "got mad and walked out of the conference call." Carter described Risco as arrogant 90 percent of the time. She also remarked that one minute he could be your friend trying to encourage you and then at other times take your legs out from underneath. She had heard him say that "he never loses." Other times she heard him boast, "Let me work my magic." Risco at times would yell at employees. Carter stated that she knew that she was better than to be treated that way.

In addition, she described Risco as being all over the place—moody like an addict; sent weird emails at all hours of the day to include at night. Although Risco could be professional at times, he would be very wishy-washy and would "jump on employees." One never knew from day to day what mood Risco was going to bring. Risco frequently used the "F word."

Carter also noted that Witness 4 had mentioned to Carter that Witness 4 was concerned Risco would try to fire her for a drunk driving incident involving her. Carter told Witness 4 that she needed to report the matter.

AIDA COPIC – DIRECTOR OF PLANNING

She first met Ferdinand Risco when he was hired. Barry Barker told her that Risco had been hired as the Executive Assistant Director. After Risco was hired, he had scheduled one-on-one meetings with Copic which lasted approximately a half hour. The meetings were intended to exchange information, however, Copic found the meetings to be a one-way communication from Risco. She did not feel that it was reciprocal and that he did not want her input. She received very little, if any, direction from Risco as to what he wanted her to do.

In group meetings, Risco acted not as a leader but instead created a fraternity atmosphere by his jokes, giggling and inappropriate behavior. Copic did not appreciate this behavior.

In meetings, Copic observed Risco treating people like they were little kids and not in a professional way. Some of Risco's emails were very derogatory towards employees.

Copic felt excluded from the organization, discussions, and corporate planning. Decisions were made without her input or consultation with her. Risco surrounded himself with people that he wanted to have as his inner circle.

Copic felt that senior members of the leadership team had much more institutional knowledge than the people with whom Risco surrounded himself. These more-knowledgeable people were not included in important discussions about TARC. Some of these discussions included shortages of funding and a shortage of drivers. Copic concluded that Risco was all about impressions and not solutions.

Copic observed that under Barry Barker the Directors provided reports at the board meeting. Under Risco's tenure, there was a significant reduction in Directors making reports to the board. Risco appeared that he wanted to control the message. He was very controlling and exclusionary.

Copic had a great working relationship with the other Directors. She had next-to-no interaction with Witness 1.

She recalled that Witness 10 was involved in purchasing furniture for the executive suite. She did not think this was appropriate especially at a time when TARC was incurring financial difficulty.

Copic also disagreed with Risco creating new positions such as the Chief of Staff position when TARC was incurring financial difficulties. She also disagreed with his hiring of so many

people without the requisite experience and terminating persons with experience. She described Risco as acting like a czar and that employees were to do what he wanted them to do.

Many Directors with significant experience left TARC after Risco became the Executive Director.

Copic found Risco to be difficult to work with and not professional. She also noted that Director's positions were created when they could have been handled by a manager position. Copic also observed that Risco did not take time to learn about TARC and its past, what had worked and what didn't work.

Risco had an overpowering personality both in his physical size and behavior. He wanted to show people he was in control. Professionally, he was very difficult to work with. It was a very difficult two years while Risco was at TARC. Copic felt excluded from organizational planning and strategy and in matters in which she had the requisite experience to help. She felt very marginalized by Risco. Nevertheless, she stayed professional in her dealings with Risco. She concluded that Risco's unprofessional behavior was not going to make her behave in a nonprofessional manner.

Two projects that she thought were important to be advanced by TARC were Bus Rapid Transit and Comprehensive Operational Analysis. Risco did not embrace either of these ideas. Risco found it difficult to accept different opinions.

In conclusion, she stated that Risco was all about building glory and to help his career rather than helping TARC or TARC employees.

WANDA HENDERSON – DIRECTOR OF PARATRANSIT AND CUSTOMER SERVICE

Henderson joined the Army in 1998. She served 20 years in the Army. Towards the end of her career, she participated in a fellowship program between TARC and the Army. This fellowship program helped Army personnel to transition to civilian life. Under the program, it would pair Army personnel soon to be retiring in a civilian employment setting. Henderson got paired with TARC. Risco served as her mentor. She entered into the fellowship program for a period of eight weeks. Part of the process of this fellowship program was also to assist the soon-to-be veterans with obtaining a job in the civilian world. Both Henderson and Risco had a common experience as they both served in the Army.

Towards the end of her eight-week fellowship program, Henderson had a conversation with Barry Barker about a permanent position. Barker gave her a good offer. Henderson fell in love with TARC.

After Henderson was hired, Risco told her, “You’ve been trained to be a leader – do your job.” Henderson began her fulltime employment in September of 2018. At the time, Barker was still the Executive Director and Risco the Assistant Executive Director. Risco was her immediate supervisor.

Initially, she had a lot of dealings with Risco. She felt at ease with Risco because both of them had military experience and spoke the language. Risco would say to her when working on a matter, “Execute.” Henderson understood this command which she had heard when she was in the Army.

Henderson described Risco as “no-holds barred.” If he didn’t like something, he would tell you. She observed “tantrums” by Risco. She also stated that he “didn’t have a good bedside manner.”

Under Barker, the culture at TARC was touchy-feely. Under Risco, it was all business. Referencing Risco’s and her experience in the Army, Risco would say, “Do an analysis, develop a course of action and let me review it.”

She recalls Risco saying, “We’re losing money” and we need to tell people they are losing their jobs.

When Risco became the Executive Director, he was no longer Henderson’s mentor. Her access to Risco was reduced. She was unable to provide feedback as she wanted. One of the first major tasks for Henderson was to develop a contract for Paratransit Services. Risco informed Henderson and the others working on this contract matter that he wanted to move from a multi-contract to a single-source contract.

Henderson stated Risco had a vision but that vision would change frequently. He also did not give concise guidance to the team working on the Paratransit project. At the conclusion of the RFP process, there were two choices: select an underperformer (the company that had the contract) or select a new company. Henderson was of the opinion that First Transit could have done the job.

David Grishel, a paratransit focus consultant, helped draft the initial RFP. Risco did not like it. He was not satisfied with the initial RFP because it did not match his vision. He got angry if people disagreed with his vision.

Henderson stated that Risco cursed somewhat. She stated that he had a shrewd management style with high expectations and high tempo. She described his leadership as aggressive.

GEOFFREY HOBIN - DIRECTOR OF GRANTS AND CAPITAL PROGRAMS

Hobin has been employed at TARC for over 24 years. He is responsible for administrating all federal grants, state contracts, the creation and application for discretionary grants, development of the capital budget, capital improvement projects, fixed assets and consumables. He currently has four assistants.

Hobin served under Barry Barker who he described as a very good man with a heart of gold. Unlike Risco, Barker worked hard to keep his temper under control.

In 2018, Risco was hired as Barker's assistant. Shortly after his hire, Hobin and his wife took Risco out to dinner. During that dinner meeting, Hobin stated that, "We learned about Ferdinand." Hobin described Risco as extremely confident, cocky, self-assured, harsh, arrogant with strong political leanings—Trump supporter, affable and charismatic. Hobin was alarmed by Risco's political leanings.

Hobin had much interaction with Risco during the Fare Replacement Project. Initially, a decision was made to sell day passes but Risco convinced the team working on the project to go to a smart card program.

Witness 8 who had been hired one to two years previously became involved in this fare card initiative. Hobin was involved in the hiring of Witness 8 but she was not his choice when she was selected. She was initially placed in the Finance Department, then moved to Marketing until approximately January of 2019.

Risco then came to Hobin and stated that he was not happy with her and asked Hobin to take her under his responsibility. Hobin was given the challenge to improve her performance. Hobin gave her a plan and coached her and accepted her into the department as a team member. Hobin thought she was doing a good job and improving as requested. But Risco terminated her anyway. Hobin believed that the method of her removal was disrespectful.

Hobin felt that he had “been snowed” in taking Witness 8 into his department as he believed Risco intended to fire her regardless of her performance improvement. Witness 8 was hired in at a salary higher than Hobin’s two assistants which he thought was inappropriate. One of the reasons Risco disliked Witness 8 was that she had gone to a meeting at Thornton’s Corporate office with Risco. The meeting was intended to discuss a partnership with TARC. When at the Thornton’s corporate office, Witness 8 “went on about decorations she saw in the Thornton’s office,” and told Risco “I wish we could do the same.” Risco thought that she had behaved immaturely in front of him.

Hobin described Witness 8 as very willing to work and that she was very committed to TARC. He noted that Witness 8 volunteered for many things to include community outreach and assisting at events. When Risco decided to fire Witness 8, Hobin argued to retain her. Risco responded that they were having budget issues and could not retain someone making the salary that she was. This rang hollow for Hobin as Risco was hiring other people and created a Chief of Staff position and created other Directors’ positions for whom those Directors did not have employees reporting to them. Hobin also saw “big salary boosts” for other people in the executive Staff which was inconsistent with Risco’s purported reasoning for terminating Witness 8.

Sometime around March of 2019 after Risco had been confirmed as the permanent Executive Director, he conducted a management meeting where he told the management team that his Chief of Staff, Witness 6, and another executive assistant were going to be let go. Risco claimed that these cuts were because of budget needs but soon thereafter, Risco hired a new executive assistant and promoted someone into the Chief of Staff position.

These actions caused Hobin to be dismissive of Risco’s credibility. Hobin did not see a need for someone in the Chief of Staff position. He did not see the need for someone between the Executive Assistant Director and the Executive Director. Hobin saw new positions being created despite other people being terminated allegedly because of budgetary needs. Hobin noted that when the prior safety Director left TARC there were only two people in the Safety and Security Department. When Risco hired a new safety Director, there were additional employees added to the Security Department despite Risco’s claim that personnel needed to be cut because of budgetary needs.

Hobin was familiar with Witness 1. She was allegedly brought in as a consultant to to assist with financial matters. Risco claimed that she had expertise in raising capital to fully fund capital projects. Since Hobin was responsible for capital projects, he assumed Witness 1 would reach out for him for information regarding capital projects and funding. Witness 1 never contacted Hobin. Hobin did not see any value of her involvement with TARC.

Sometime later, Risco pushed the board for a \$300,000 contract with Witness 1. Hobin was embarrassed by this request and thought it completely unnecessary. The contract was awarded without any procurement process and should not have been a sole-source contract.

Hobin noted that Risco's hubris in decision making and failure to thoroughly investigate matters were driven by his big ego. Hobin stated that Risco "deceived himself."

Hobin observed Risco making inappropriate comments about different people and was prone to denigrate someone in a meeting. During the APTA conference in Louisville, he saw Risco behave rudely with a contractor who wanted to introduce himself to Risco. Risco was very abrupt and rude to this person.

Another instance cited by Hobin was when the representatives of Gill Corporation, a bus manufacturing company, were in town. Risco would not meet with the sales rep. Gill executives invited Risco to dinner, but he declined their offer.

MONROE DWIGHT MADDOX, JR, - DIRECTOR OF INFORMATION AND TECHNOLOGY

Maddox has been employed by TARC for 22 years. He is responsible for all computer technology at TARC. He oversees a total of seven employees in the tech group. In addition, he has oversight of contractors from time to time who handle special projects.

After Risco was hired by TARC but before he arrived onsite, Risco called Maddox and stated that he was interested in "gadgets" he might get when he arrived at TARC. He specifically stated he wanted a cellphone and a Microsoft Surface rather than a laptop computer. Risco seemed cordial at first. Maddox didn't get a good read on him until about two months after his arrival at TARC.

After Risco was at TARC for a few months, Maddox had a better picture of him. It was his observation that Risco had a path in his mind where he wanted to go. Risco struck Maddox as a "need to know type of person" meaning he did not share information with others unless he

thought they needed to know the information. He described Risco as a very demanding person who used his personality to get the things that he wanted. He further described Risco as a person who wanted to get things fast and wanted short answers in response to questions. Whenever Risco stated his opinion, he stayed with that opinion.

Risco was very demanding. He would call Maddox on nights and weekends stating that he needed some assistance with his tablet or phone. He called Maddox on a number of occasions that he was locked out of his account. When he would call, he wanted action right away. Risco was very demanding of his teams.

Risco had a vision of mobility as a service. Under this concept, the use of cellphone apps to interface with TARC and other transportation systems such as Uber, Lyft and Bird Scooters would be merged. Risco did not do a very good job of communicating this concept to his team. He got very frustrated when the team did not seem to understand his vision.

Maddox recalled that in 2019 when they were reviewing the paratransit service and preparing a request for proposals (RFP) Maddox and the committee spent over a month working on the proposal. At the end of all the work, Risco “scrapped it.” Risco stated that he wanted flexibility with the paratransit service, but the team did not understand what he meant. At the end of the process, the request for proposal was not as detailed as they normally would have been in the past.

During the process, Risco stated to the committee working on the RFP that if they needed to, they should work all weekend. Risco was pushing a system called a “brokered service model.” Others on the team working on the RFP project were reluctant to buy into the concept because of the cost and a belief in the system that was in place. At the end of the process, the majority vote was to contract with MV.

Maddox attended a Leadership Louisville meeting breakfast with Risco and Witness 3. Maddox was the only white person there. Risco made a comment to Witness 3 to sit down and listen to what “Mr. Light Skin” has to say. Thereafter, Maddox was cautious in dealing with Risco. He felt his comments were very inappropriate.

In June of 2019 while working on budget matters, there was a discussion that everyone needed to turn in TARC equipment such as vehicles and phones and be reissued to only those who needed them. Maddox oversaw the process of taking in laptops and vehicles. Witness 8 who was going to be responsible for a fair program had a vehicle. There was discussion between

Lorri Lee and Michelle Bartoszek who stated they did not see why she has a car. Risco's response was she wouldn't be needing it "cause she's going to be terminated." Maddox thought it was inappropriate to talk about the possible firing of an employee like that.

MICHAEL RATCHFORD – FORMER DIRECTOR OF PURCHASING

Ratchford was initially hired by TARC in October of 1997. He worked at TARC for 30 months and then was recruited by Motor Coach Company. He was rehired by TARC in 2012 and continued at TARC for 11 years. Prior to working at TARC, he served for 13 years in the U.S. Army and was discharged in September of 1997. His assignment in the Army was Transportation and Logistics. He resigned from TARC on April 17, 2020.

Ratchford stated that he felt he was being forced out of TARC by the new management team. When the management team came in, he provided them with an open and honest interview concerning matters at TARC. He was reassured by the management team that if he were open and honest there would be no repercussions and he would not lose his job. Accordingly, Ratchford cooperated with the interim executive team.

Based on his interview, he was referred to counseling for diversity training. He felt that he was being "nitpicked" and criticized for his work. He felt that the work environment at TARC became toxic under Ferdinand Risco and continued under the guidance of the interim executive team. He was frequently called into Human Resources at the end of the day and challenged about his behavior towards minorities.

Ratchford stated that he had two toxic employees in his department who he was trying to "get rid of." No matter what he tried to do, they (the interim executive team) would not fire them. He referenced Witness 24 and Witness 12. When he presented his case for terminating the employees, the Interim General Counsel told him, "Don't do anything to get rid of them." He felt that he was being undermined by the interim executive team. He denied any racial comments or inappropriate actions towards minorities.

Ratchford stated that he loves working for the community and loved his job at TARC until Risco was hired. At the end of his career at TARC, he was a year short of being able to retire but found the working environment so toxic that he could no longer stay there. Consequently, he submitted his resignation.

Ratchford stated that much of his work and the work of those in his department could be considered somewhat boring. He always tried to encourage his employees that they were not merely purchasing windshield wipers or motor oil but they were part of the process for moving people in the community – people who needed to get to school, hospitals and work. He tried to encourage the philosophy that the Purchasing Department was helping people in the community.

When Risco was hired, Ratchford tried to stay away from him. He described Risco as having a very negative attitude and described him as a narcissist. Frequently, Risco would “probe you for information and then twist the information that you provided to him.” He gave as an example the following: Risco asked him to do a survey on how much chief financial officers make in similar businesses. Ratchford did research and provided the information to Risco believing that the information would be used to hire or support an effort to have a chief financial officer at TARC.

Instead, Risco used the information provided by Ratchford to support his effort to hire an outside contractor—Witness 1. Risco told the board that Ratchford had done a cost analysis and that the proposed pay for Witness 1 was appropriate. In fact, Ratchford had no involvement in the hiring of Witness 1 nor did he perform any research specifically for hiring someone like Witness 1. Ratchford was kept in the completely in the dark about the hiring of Witness 1.

He stated that the hiring of Witness 1 was completely in violation of all procurement rules. Risco totally ignored the procurement rules in hiring her. He stated that the board approved her contract in violation of the procurement rules in place. He stated that the board should have been familiar with the laws and the fact that the hiring of Witness 1 was in violation of those procurement laws. He stated that the board should never have approved her contract without going through the solicitation process.

Another example of Risco totally ignoring the procurement policies and acting without Ratchford’s involvement was the purchase of furniture for the executive suite. The board approved a resolution that stated a set amount of \$50,000 but the actual total cost exceeded what the board had approved. Under the procurement policy, Risco should have gone back to seek approval from the board to purchase items in excess of the original approval but Risco did not do so. Ratchford believed that Risco’s ability to exceed board approval demonstrated a lack of

oversight by the board. Ratchford also stated that the furniture was purchased using a federal grant.

Ratchford stated that he helped write the purchasing manual used by TARC. He also was involved in training programs to help TARC and other city agencies learn how to use the online purchasing system called Bonfire. He hosted a training event for local government employees in 2018. He stated he was also very involved in the Disadvantaged Business Enterprise Program whereby minority businesses and vendors are taught how to bid on contracts. He worked with persons in the community helping them understand the process. He stated the Bonfire system was an online purchasing system that made the process more user friendly than having to submit written bids. He noted that the Witness 1 contract did not go through the Bonfire system as her contract was a personal service agreement.

Ratchford stated that TARC utilizes Federal Transit Administration guidelines in purchasing items rather than the Model Procurement Code. He stated that Louisville Metro Government and state agencies utilize the Model Procurement Code which is a very robust purchasing process with extensive rules and regulations to ensure government funds are expended properly.

He noted that Risco had the authority to spend \$100,000 without board approval and up to \$50,000 for amendments to those contracts.

Ratchford stated that TARC utilizes the Ellipse System for payment of contracts. In this system, there is a hierarchy of approval. The process requires supervisors above a person making a purchase approve the purchase and this approval is noted within the Ellipse System.

Under Barry Barker, the board would receive a package of information in preparation for the next board meeting on the Friday before the next meeting. Barker would have all the Directors attend the board meetings. Directors who wanted a contract approved or renewed would present the information to the board when Barker was the Executive Director. This process changed when Risco became the Executive Director. Risco wanted to control things and reduce the involvement of Directors at board meetings. During Barry Barker's tenure, Ratchford attended all board meetings.

When Risco started to control the board meetings and reduce or eliminate the Directors' involvement at the board meetings, he would oftentimes twist the information provided to him by the Directors. He recalled on occasions that Director of Finance, Tonya Harding, would say to Ratchford during a board meeting that, "Those aren't the numbers that I gave him," indicating that Risco was presenting information to the board that was contrary to that provided to him by Harding.

Both Ratchford and Harding were concerned about Risco's behavior especially with regard to the Witness 1's contract and the purchase of furniture and other activities outside of the procurement policy. He stated that people were afraid to challenge Risco. Risco was very threatening, and employees felt fearful and intimidated while Risco was there. He seemed to get rid of people by whom he felt threatened. Ratchford did not feel that he had anywhere to go to report Risco's behavior.

Ratchford noted that many of the other Directors had been hired by Risco so he and Harding felt uncomfortable talking to the other Directors about their concerns. Ratchford specifically mentioned that Risco hired Wanda Henderson, Lorri Lee and Michelle Bartoszek. Ratchford felt that he had no one to talk to about his concerns.

He also stated that he could not talk to Risco's chief of staff because she had been hired by Risco. He also did not feel comfortable sharing his concerns with the Assistant Executive Director, Randy Frantz, because he believes that Frantz knew more about Risco's behavior and was just as complicit in the inappropriate behavior at TARC. Ratchford had mentioned to Frantz some of his concerns but believed his concerns "fell on deaf ears." He never heard anything in response from Frantz.

He specifically noted that Frantz saw Risco being abusive towards him and abusive towards other employees. He specifically noted that Risco was very verbally abusive to Witness 3 and would curse at her. Ratchford mentioned an AFTA conference held in Louisville in May of 2019 during which Frantz saw Risco cursing at Ratchford. Risco frequently used profanity especially the "F word" and "GD."

Ratchford stated that the Human Resources Department became upset with him towards the end of his tenure because he told the counselor working with him that the HR Department did

not have any policies concerning the matters related to his situation and that in general TARC had insufficient HR policies. It was Ratchford's opinion that there was a very prevalent lack of policies at TARC and that appropriate training was also lacking.

Ratchford stated that the Paratransit Services contract was the responsibility of the Assistant Executive Director. Consequently, Risco was responsible for the contract when he was the Assistant Executive Director. Risco developed a concept that he called "Mobility As A Service." He had various Directors at TARC form a committee to prepare a contract proposal for the Paratransit program utilizing this Mobility as a Service concept. However, Risco did a very poor job of verbalizing what he wanted. He gave a general overview of the concept but gave very little specifics. When the committee produced a product and presented it to him, he would become upset and state that he did not like what they had produced and instructed them to go back and rework the program or rework the contract proposal.

It was Ratchford's opinion that Risco did not have the knowledge necessary to do his job and that Risco claimed to know more than he really did. Risco tended to micromanage matters and then disavow any involvement in a project. Risco was very convincing and had good voice projection. Risco always claimed that he was a captain in the Army and that he was discharged on a medical discharge due to a parachute accident.

Ratchford believes that Risco became irritated with him when Ratchford made some critical comments about Witness 4. Ratchford believed Witness 4 was Risco's girlfriend. He oftentimes saw Witness 4 walking around the executive suite without her shoes on acting very cozy, comfortable, and casual with Risco. He described her looking at Risco with googly eyes. Sometime later that relationship seemed to sour as Ratchford did not see the same behavior between the two of them.

Concerning the lack of board involvement involving some of the procurement matters and contract matters while Risco was at TARC, Ratchford recommended that the Board Finance Committee should have quarterly meetings with the finance and purchasing Directors concerning what contracts are coming up for renewal as well as initial authorizations rather than those matters being presented for the first time at Board meetings or merely made part of an overall package sent to the Board a few days before a Board meeting.

While Risco was the Executive Director, his approval seemed to trump all procurement policies and bypass all safeguards that were in place. He thought the Board should have been more engaged in the finance and procurement piece of TARC business. Ratchford also believes having a staff attorney is a good idea. He recommended that the staff attorney conduct a legal review of all contracts over \$100,000.

Ratchford thought “it was a huge mistake to dismantle the Training Department.” It made no sense to him. Instead, he believes that the Training Department should have a more robust involvement in TARC than it did when it was dissolved. He believes that an agency the size of TARC needs a good Training Department.

He also believes that it was wrong to dismantle the Marketing Department. The Marketing Department helps TARC make money. The ads that appear on buses generate significant revenue for TARC as well as promoting a positive image of TARC. During Risco’s tenure, he wanted more layers between the executive office and the leadership team to distance himself from decisions and provide him with plausible deniability.

Ratchford believes that Tonya Carter was a good selection for chief financial officer. However, he questioned whether Frantz was a good fit for TARC. Ratchford stated that although Frantz had not been at TARC for very long, he believes he was aware of some of Risco’s inappropriate behavior in disregarding procurement policies as well as inappropriate treatment of employees; and should have either addressed his concerns with Risco or brought it to the attention of the Board.

It was his impression that Frantz would do whatever he needed to do to preserve his position at TARC. Ratchford also noted that Risco had the opportunity to hire the now-Executive Director of TARC, Carrie Butler, when he was looking for an Assistant Executive Director but passed on her because he did not believe he could control her. Instead, he selected Frantz who lacked the experience Butler had in the transportation industry.

In conclusion, Ratchford stated that Risco unraveled 20 years of Barry Barker’s hard work and efforts to build a great reputation for TARC. Under Barker, TARC was a respected agency and Barker was very well respected.

RANDY FRANTZ – ASSISTANT EXECUTIVE DIRECTOR

Frantz started his work career at General Electric where he worked for 15 years. After leaving General Electric, he went to work for the Jefferson County Public Schools System and was director of transportation.

Frantz had previously had associations with Barry Barker through the Family Scholar House. Frantz described Barker as upstanding and professional. Frantz learned of Barker's impending retirement and thought that there might be an opportunity for him as an assistant executive director. He viewed this as an opportunity to grow and serve the community.

After learning of the assistant executive director opportunity at TARC, Frantz contacted Risco about the job opportunity. Frantz congratulated Risco on being appointed interim executive director. He discussed the career limitations at JCPS and verbalized his skillsets that might make him a good fit at TARC. Risco told Frantz he should apply for the position and asked him to send him a copy of his resume. The job opportunity was also posted on the TARC website. During the initial conversation with Risco about the potential job opportunity, Risco had noted, "I'm interim and will let you know when the position is open."

Risco was notified of an interview for the position by Witness 6. Frantz met with an interview panel consisting of Kim Blanton, Nikki Lanair (St. Louis Federal Reserve) and Witness 1. After the first interview with the panel, Frantz had a second interview with Risco in person. After being selected for the position, Frantz had lunch with Risco, Witness 1 and Witness 10. Prior to this lunch meeting, Risco had a telephone conversation with Frantz during which pay and benefits were discussed. The salary of \$160,000 was offered to Frantz. This represented a small pay raise from what he was being paid at JCPS.

Risco frequently referred to "the big ten" transit jobs such as San Francisco, Philadelphia, Washington, D.C., New York, San Diego. Risco was candid with Frantz about Louisville being a steppingstone. Risco would say that his next job would be a destination job with one of the "big ten." Risco knew Frantz was interested in the executive director position should it become available.

Frantz met Risco's wife, Stacy, one time when they were attending a GLIDE meeting in San Francisco.

On Frantz's first day on the job, Risco was not at TARC. Frantz scheduled meetings with each director to learn of each director's responsibilities.

Risco seemed to trust Frantz's opinion and respected Frantz's knowledge of analytics and data-oriented leadership.

Frantz worked with Risco for seven months before Risco was terminated. Over that time period, a trust developed between the two. At some point in time, Risco seemed somewhat intimidated by Frantz. Risco did not approve of persons challenging his opinions.

It took Frantz about three months to understand Risco's strategy regarding mobility as a service.

Towards the end of Risco's tenure at TARC, Frantz began to challenge the work product being produced by Witness 1. Frantz was not seeing any output for the money being paid to her. It appeared to him that she was doing redundant work and billing excessively.

When Frantz voiced concerns about Witness 1's quality of work and output, Risco would balk at his challenge and would deflect. Risco would say, "Let's ask her for all of the list of accomplishments and let's have her work on alternative funding methods." When Frantz suggested that they discontinue their association with Witness 1, Risco stated that she will "probably make an allegation that I made her put my dick in her mouth."

There were times when Frantz would ask Witness 1 for information who in turn would get the information from the Director of Finance, Tonya Carter. Frantz thought they needed to be better stewards of the public money and that the money being paid to Witness 1 could be better spent elsewhere.

Frantz was shocked that Risco made the statement that Witness 1 would make an allegation mentioned above. Frantz went home and had a conversation with his wife about Risco's statement. A few days later, Risco called Frantz and said that he was leaving TARC. Frantz met Risco at Risco's TARC office to help him get his personal belongings. He then drove Risco home to his apartment. He assisted Risco in unloading the items from the car and carrying them up to his apartment.

The next morning Frantz and Ellen Hessen from the mayor's office had a meeting with the executive team. They attempted to reassure the team that work as usual would continue.

About a month after Risco left, Risco called Frantz one time but Frantz did not answer. Approximately an hour later, Frantz received a text from Risco that stated, "I guess you can't talk."

Frantz also recalled that a day or two after Risco was terminated he contacted Jeremy Priddy and Frantz asking them to delete his social media accounts. Priddy handled the social media accounts for TARC including the Twitter and Facebook accounts.

The day after he assisted Risco removing his personal items from the TARC office Frantz took the cellphone and Surface Pros Risco had been using and gave them to Dwight Maddox.

On their drive from the TARC office to Risco's apartment the night Risco was terminated, Risco told Frantz that he was let go for excessive travel and use of the work vehicle for nonwork matters. He recalled Risco saying, "It's been fun. It's yours." Risco went on to say, "This is a blessing for me." Frantz stated that the drive to Risco's apartment was very awkward.

Frantz accompanied Risco on several trips to include the GLIDE Conference in San Francisco, the annual APTA Conference in New York and the APTA Conference in Washington, D.C. He also accompanied Risco to Frankfort for legislative matters dealing with obtaining federal grants.

During some of the times with Risco, he would say to Frantz, "Hey, look at this girl" and show Frantz a random picture of a girl. Other times, he would say to Frantz, "Look at this girl, she's hot." Risco would often make sexual comments referencing female body parts and say things such as, "Look at this nice ass." Frantz also noted that Risco's language was often not professional and that he used profanity frequently. Risco often used the "F word." Risco could "be crude in his decisions and snappy." Frantz stated that Risco was not an inclusive leader. Risco wanted to be the decision maker and was quick to make up his own mind and did not seek input from others.

Frantz recalled a trip to New York which was attended by Witness 10 and Witness 1. This was Frantz's first TARC trip. One morning, Witness 10 and Frantz were free and Frantz asked Witness 10 if she wanted to do some sightseeing. She responded no that "Ferdinand would be upset" because he wasn't part of it. Days later, a group text asking about sightseeing was sent and Risco was included on the group text. At this time, Witness 10 agreed to join Frantz to do sightseeing. Frantz recalls that there was some disagreement between Risco and Witness 1 on this trip because Witness 1 and Witness 10 had a hotel reservation at another hotel and shared a room.

When Witness 1 went on a trip with them, she was introduced as the financial consultant. He was not sure if TARC paid for her travel expenses.

During the San Francisco GLIDE trip, TARC sponsored two charter buses to tour the area. They spent the afternoon sightseeing and discussed mobility as a service. Frantz stated Risco was a visionary who understood the industry.

Concerning Witness 1, she would make monthly business visits to Louisville and attended board meetings. Frantz attended work dinners with Risco, Witness 10 and Witness 1 at the Omni. He also attended some lunch meetings during some of Witness 1's visits to Louisville. Frantz never observed anything inappropriate with Risco and Witness 1's relationship. Frantz approved travel for most of the people at TARC except that Risco approved travel by Lorri Lee, Witness 4 and Witness 10.

Frantz did not recall Risco saying anything inappropriate about Witness 10 when there was some discussion about her appearing on the Steve Harvey Show.

Frantz stated that he would hear Witness 1 tell Risco he needed to work on his language. In response, Risco gave her strong mentoring sessions to tell her that she can't do that in front of his subordinates. Risco could be abusive at times towards employees. He recalls Risco walking out of one meeting being conducted by Frantz. Wanda Henderson and Jennifer Miles were in attendance at that meeting.

Frantz was asked about Witness 5. Frantz described her as not capable of doing her job and that she was unorganized. Witness 10 attempted to counsel her. Risco voiced displeasure about Witness 5's performance.

Risco did not have a good work life balance. Frantz would wake up in the morning to 20 emails sent to him by Risco over the night. Witness 10 would always be with Risco. She seemed to be his confidant and person he could trust.

Witness 1 was quick to give her opinion about things. At times, she criticized Risco for some of his behavior including sending so many emails at nighttime. She attempted to mentor him.

Because of this close relationship between Witness 1 and Risco, early in Frantz's career at TARC he may have asked Witness 1 to ask Risco for clarity on his vision.

When Witness 10 was being promoted to chief of staff, Risco asked Frantz to inform her that she was being promoted. In response, Witness 10 asked if she was going to get a fulltime

use of a fleet vehicle. Frantz discussed her salary with her which included a raise. Witness 10 was a powerbroker. If you wanted something from Risco, you needed to go through Witness 10. She was, in essence, a gatekeeper. Risco liked her in that role, and she seemed to enjoy being in that role.

Risco was not a fan of the TARC union. He had a bad relationship with the TARC union president. Risco wanted Frantz to work with the union president.

Frantz stated that “Risco liked Risco’s opinion.” He further stated that Risco liked “yes people.” Risco did not like contradiction to his opinion. It was “Risco’s way or the highway.”

Frantz did not have a lot of interaction with Witness 4 but in those instances that he did he did not believe she was very professional. She also seemed to be late on deadlines.

Frantz recalled a time when he was called to a meeting at Risco’s office concerning Witness 4. Attending the meeting was Lorri Lee. Lee said that she’d heard Witness 4 had been stopped for a DUI. Human Resource Director Kim Blanton was called into the meeting and they searched the internet for information regarding DUIs. Frantz was then contacted by Attorney David Crittenden with Boehl Stopher to make sure that Witness 4 wasn’t driving a TARC vehicle on a suspended license.

Risco told Frantz that he met his wife in the Army. He also told Frantz that he hurt his knee while in the Army jumping out of an airplane.

Frantz stated that there was no onboarding process when he came to TARC. There was no EEO training provided. He did note that there have been policy improvements since Risco left concerning EEO matters. Frantz did remember Witness 1 telling him that she had taken Witness 4 to a beauty shop while on a TARC business trip in Dallas. This was in reference to getting Witness 4’s hair styled the way Risco preferred African American women to wear their hair. In conclusion, Frantz stated that Witness 10 was a very good person, seemed religious and seemed to value her employment at TARC, but the job of chief of staff exceeded her ability and skillsets.

C. SUMMARY OF WITNESS STATEMENTS

The above witness summaries paint a very troubling picture. Almost universally all described an extremely hostile work environment—many were sexually harassed or assaulted; others treated incredibly poorly, isolated and marginalized. Risco ruled by fear and intimidation. Many employees were fearful of reporting Risco’s behavior for fear of retaliation—something reinforced by his many threats and actual firings or elimination of positions. Moreover, the persons to whom employees were to report this type of contact were part of Risco’s inner circle. Employees were uncertain who they could trust and who they could not. Some who tried saw no action taken or lost their job.

IX. BOARD OVERSIGHT

TARC is transit authority created pursuant to state statute.⁷⁷ The enacting statute states that the “business, activities, and affairs of a transit authority shall be managed, controlled, and conducted by a board.”⁷⁸ TARC’s bylaws also state that “the business, activities, and affairs of the Authority shall be managed, controlled, and directed by its Board of Directors to the full extent of the powers and authority delegated to them by law.”⁷⁹

The TARC website lists the current board members. It includes a brief resume of each board member. These resumes depict a wide breadth of experience from a variety of professions and types of community involvement. During a July 14, 2020, Metro Council, Government Oversight and Audit Committee meeting, TARC’s Interim General Counsel, spent much time highlighting the stature of TARC’s board members.⁸⁰ Without question, the board is composed of many talented people. The following analysis of the TARC board’s actions or inactions is not intended to denigrate or minimize the breadth of experience nor their commitment to giving of their time. It is merely an analysis of the facts uncovered during this investigation.

Although the TARC report highlights many significant changes that have been made as a result of the Risco debacle, it was incumbent on the TARC Board to provide sufficient oversight and accountability to prevent this from happening in the first place. A review of TARC Board minutes during the years Risco was at TARC were woefully inadequate to document what

⁷⁷ KRS 96A.020

⁷⁸ KRS 96A.040

⁷⁹ TARC Bylaws, Article III, Section 1

⁸⁰ http://louisville.granicus.com/MediaPlayer.php?view_id=2&clip_id=6565

information was presented to the board and considered by the Board in making significant decisions.⁸¹ There was a total lack of documentation concerning the many personnel changes implemented by Risco and his alleged efforts to reduce spending for an organization that shows a substantial deficit on its annual audits.

The interviews of board members disclosed they received virtually no onboard training about TARC, EEO matters, ethics, procurement, budget processes, fiduciary responsibilities, or many other essential matters to ensure they were adequately informed to function properly in their fiduciary roles.

The fact that Witness 1 was able to obtain a sole source contract obligating TARC to close to \$330,000 without sufficient documentation as to why her hiring was necessary or what probing of Risco was done to ensure they had sufficient information to approve such a substantial contract outside of normal procurement policies clearly demonstrate a lack of board oversight. Moreover, the fact that Risco could employ Witness 1 and pay her \$27,000 and continue to pay her for eight months without a contract on file demonstrates a significant lack of or lapse of internal controls and oversight.

Although the TARC board has implemented many laudable changes to correct the lack of oversight and accountability, there are still numerous deficiencies that should be addressed which are more fully set forth in the “Recommendations” section of this report.

X. OVERALL IMPACT ON COMMUNITY AND TARC CONSUMERS

TARC and its many dedicated employees provide an invaluable service to the community. KRS 96A.020 states that the purpose of a transit authority established under Chapter 96A is to:

Promote and develop mass transportation in its transit area and adjoining areas, including acquisition, operation, and extension of existing mass transit systems; and an authority shall have and may exercise such powers as may be necessary or desirable to carry out such purposes.

The reality is mass transportation is used extensively by low-income people. A recent MIT study found that low-income people take significantly more trips on public transportation—

⁸¹ Examples are included on a spreadsheet labeled Exhibit 4.

about a third more than others. The study found that low-income riders use public transportation for errands, visiting family, as well as going to social services and healthcare providers.⁸²

Three lower-income persons were interviewed during this investigation. All three were African Americans living in the West End of Louisville.

One worked at a national chain discount department store in Middletown where he makes minimum wages. He stated he leaves his home at 6:00 a.m. to catch a TARC bus near 42nd street and transfers twice to get to work by 7:00 a.m. He does the reverse at the end of his shift and gets back home at 6:00 p.m. He stated he is dependent on TARC to get to work.

The second person interviewed also stated he leaves his home early in the morning to catch a TARC bus and transfers once to get to his carwash job near the Ford plant on Chamberlain Lane. He too stated he is dependent on TARC to get to work.⁸³

The third person works three jobs to meet his budgetary needs. He does not drive and is dependent on TARC to get to work where he receives a minimum wage salary. He rides his bike to the bus stop, loads his bike onto the bus, and then transfers twice to get to work.

There are likely thousands of others in the community with similar stories. While these persons were and continue eking out a living and taking TARC to get to work, Risco was living the high life squandering precious TARC financial resources while receiving nearly a \$200,000 salary, driving a TARC vehicle as his personal car, taking Lyfts and Uber for his transportation needs while out of town, staying in elaborate hotels and traveling the country to vacation hotspots. He was also randomly promoting employees with whom he wanted to foster sexual liaisons and paying them significant raises. All of this was done with no one holding him accountable.

In addition to the impact on the ultimate TARC consumers, the entire fiasco had an untold impact on TARC's reputation and morale of the hundreds of hardworking dedicated TARC employees not to mention besmirching the reputation of Metro Louisville.⁸⁴

⁸² <https://news.mit.edu/2019/public-transportation-discount-affect-low-income-0619>

⁸³ Witness 14 noted that during the civil disturbances in Louisville last summer, his bus dropped him in the vicinity of 5th and Jefferson and he had to walk home to his residence after working all day; Witness 15 stated that during the civil disturbances he chose to camp out near his place of employment off Chamberlain because of the disruption of bus services.

⁸⁴ This sordid affair and adverse impact on Louisville's reputation comes on the heels on other scandals such as the LMPD Police Explorer scandal; a federal investigation into use of federal overtime funds; and the hiring of a MSD Director who left Cincinnati MSD shortly before a scathing state audit that found financial improprieties and improper sole source contracting—one involving a person who coincidentally was awarded a substantial and questionable sole source contract by TARC (Witness 1).

Under Barker's leadership, TARC developed a very positive image locally and nationally throughout the transportation industry. Unfortunately, much of his hard work and that of many dedicated TARC employees was severely eroded with the revelations of Risco's conduct. For weeks, the media was filled with news of Risco's sexual forays at TARC and financial misconduct. As noted above, Risco's outlandish personal behavior and the fiscal mismanagement resulted in substantial financial losses to TARC; thereby, furthering its deficit financial position and diminishing funds that could have provided pay increases to many deserving TARC employees. This is a tremendous travesty wrought on by Risco's actions that went on unchecked and underscores the need for proper due diligence when hiring an executive whose actions can have such tremendous impact on so many and proper accountability.

XI. FORENSIC ANALYSIS

Three electronic devices previously assigned to Risco were obtained from Dwight Maddox, TARC Director of Information Technology. These devices included a Samsung manufactured mobile phone - Note 10 Plus series (EV-1)⁸⁵; a Microsoft Surface Pro - 5th Generation, model 1796 (EV2); and a Microsoft Surface Pro; 5th Generation, model 1796 (EV3). The devices were analyzed by a retired law enforcement officer who had been assigned to the FBI Regional Computer Forensic Laboratory located on the University of Louisville, Shelby campus. The devices were submitted for forensic analysis to determine if any evidence related to Risco inappropriate or possible criminal activities might be found on the devices. The forensic analysis determined the following.

EV1 contained 11 text messages and 4 media files. The media files and text messages recovered from EV1 were found to be not related to the investigation. No user data was found on EV1. No data from the Signal app or other 3rd Party texting app was found on EV1. The text messages from EV1 can be found on the associated digital report. It was the conclusion of the examiner that because EV1 lacked artifacts, it strongly indicates that someone deleted evidence and removed the user account.

EV2 had two user accounts "frisco" and "Frenchie Risco." Reviewing the contents of the two accounts, it was discovered that they contained no evidence related to the investigation.

⁸⁵ Each device was assigned an identifier by the forensic examiner – EV1, EV2 and EV3.

Most of the files within the two accounts were work-related documents for TARC. There were no inappropriate images or messages on EV2.

At the time the evidence was collected, Mr. Maddox indicated that EV3 was not operational. Examination of EV3 found the device to be nonresponsive to charging or activation of other device buttons.

In conclusion, no evidence of the Signal app or any 3rd Party messenger software was found on the devices nor was anything of evidentiary value found. However, the lack of artifacts on EV1 strongly suggests that someone purposefully deleted possible evidence as well as the user account information. The full written report is attached.⁸⁶

XII. IMPORTANCE OF BACKGROUND INVESTIGATIONS AND ONGOING REVIEW

A. OVERVIEW

This case alone clearly demonstrates the dire consequences of not performing due diligence including a thorough background investigation when hiring an employee—especially at the executive level. Not only would adequate due diligence have uncovered extremely negative information about Risco, the inherent risks of fraud by persons in executive roles demands a robust vetting of executives.

Government is necessary for a civilized society, and government organizations like TARC provide great value to citizens. Fraud against government organizations, consequently, is harmful not only to the government but also to taxpayers and beneficiaries of government programs and services. The cost of government fraud is difficult to measure for various reasons. For one thing, the clandestine nature of fraud makes it difficult to measure in any situation. For another thing, not all government frauds are detected.

Government fraud is a big, profitable business. The [*2014 Report to the Nations on Occupational Fraud and Abuse*](#), which is based on 1,483 cases of occupational fraud, provides that government entities, along with those in banking and financial services, public administration, and manufacturing industries, were the most represented sectors among the

⁸⁶ Exhibit 14.

fraud cases analyzed.⁸⁷ Due to its prevalence, the FBI dedicates significant resources to investigating government fraud and corruption.⁸⁸

Moreover, government fraud causes reputational harms. While reputational damage can affect any organization, virtually all government organizations like TARC are uniquely exposed to it because they depend on public funds to successfully operate. As a result, the public tends to view government organizations under heightened scrutiny when it comes to the management of assets.

B. DIXON, ILLINOIS CASE

The potential magnitude of government fraud involving local governments and the importance of background checks, and ongoing credit checks is clearly illustrated by a case involving the small city of Dixon, Illinois. This case is a glaring example of how someone with fiduciary duties and access to government funds can embezzle tremendous sums of money and go undetected for years.⁸⁹ Dixon is a small city 100 miles southwest of Chicago with a population of approximately 15,000. Over a twenty-year period, its city clerk, Rita Crundwell, embezzled \$53.7 million dollars. She began her scheme by creating a secret bank account. The name of the account was “RSCDA-Reserve Fund.” The initials stood for “Reserve Sewer Capital Development Account.” No such account actually existed for the city.

Crundwell began transferring city funds into this account in 1991 and continued for the next 20 years. Throughout the course of this scheme, she embezzled an average of \$2.5 million a year with as much as \$5.8 million in 2008. She used the money to fund her quarter horse farming business and to fund a life of luxury.

⁸⁷ <https://www.acfe.com/report-to-the-nations/2020/>

⁸⁸ <https://www.fbi.gov/investigate/public-corruption/news>

⁸⁹ <https://www.justice.gov/usao-ndil/pr/former-dixon-comptroller-rita-crundwell-sentenced-nearly-20-years-federal-prison-537>; *see also* <https://www.fraud-magazine.com/article.aspx?id=4295003585#:~:text=By%20Dick%20Carozza%2C%20CFE%3B%20Photos,Crundwell's%20astounding%20%2453.7%20million%20fraud.>

As part of the fraud scheme, Crundwell created 159 fictitious invoices purported to be from the State of Illinois to show the city's auditors that the funds she was depositing into the RSCDA account were being used for a legitimate purpose.

Meanwhile, Crundwell participated in budget meetings with city council members and various city department heads. She repeatedly stated that the city's lack of funds was due to a downturn in the economy and because the State of Illinois was behind in its payments. At the time she made those statements, Crundwell was stealing millions of dollars, causing Dixon to cut its budget, which had a significant impact on city operations.

To conceal the scheme, Crundwell picked up the city's mail, including bank statements for the RSCDA account, to prevent other employees from learning about the secret account. When she was away, she asked a relative or other city employees to pick up the mail and separate any of her mail, including the statements for the RSCDA account, from the rest of the city's mail.

Her scheme went undetected until another city employee assumed her duties while Crundwell was on extended leave and discovered the fraudulent account.

This case demonstrates that even supposedly loyal, trusted, long-time employees can be subject to the temptation of defrauding funds if adequate safeguards are not in place. It also demonstrates the importance of and need for ongoing vetting of a "trusted" employee's credit/financial status.

There are services offered by various companies to assist government agencies and businesses to detect and prevent these types of schemes. An example of this is service offered by Transunion called "Continuous Monitoring." This service does a continuous monitoring of a person's credit status and whether they have been arrested or involved in any civil actions. They have also developed a predictive financial trouble index whereby they can detect financial irregularities and predict a person's likelihood of filing for bankruptcy in the future as far out as two years.⁹⁰ Often financial problems develop overtime and not detected by an employer until the employee has gotten to the point where they may be enticed in embezzle money.

⁹⁰ This investigation included discussions with a TransUnion executive who explained the process and provided examples of agencies and companies using this service. In addition, former high level FBI executives now working

C. DUE DILIGENCE AND BACKGROUND INVESTIGATIONS

The level of scrutiny required when doing background checks on new employees increases as the authority or fiduciary level increases. Chief Officers whether Executive Directors, Chief Financial Officers, or others with significant control over government funds generally have greater access to organizational assets and as illustrated by Risco's actions, are better able to evade or override controls than lower-level employees.

Hiring officer-level employees requires more extensive background research than for lower-level positions. Yet organizations and government agencies sometimes put less emphasis on the background check of an executive level applicant assuming that reputation and claimed accomplishment demonstrate the fitness of the candidate. Oftentimes this laxity has led to very unfortunate hiring decisions. Once again, this case is a prime example.

Background screening for executive level positions—often referred to as C-level positions is imperative. C-level positions have certain characteristics that increase the level of role-related risk associated with it. These include:

LEADERSHIP – the assumption of strategic responsibilities and decision making at strategic level.

FIDUCIARY RESPONSIBILITY – access to financial assets and/or financial performance of a section of the organization.

POSITION OF TRUST – a very high degree of independence in unsupervised activity that includes the ability to commit the organization's reputation and resources to a course of action

in the private sector were consulted concerning best practices that they have encountered and recommended when working with major corporations. This TransUnion model was cited as a best practice.

ORGANIZATIONAL RESPONSIBILITY – authority over high level direct reports who manage important units of the organization.⁹¹

Risco certainly met all four elements as do many other metro government executive level employees. TARC’s Director of Finance and Chief Financial Officer would also fall within a C-level position.⁹² Such positions require a more rigorous and thorough background screening.

A typical C-level background investigation should include:

- SSN Locator
- National Criminal Database Search
- Sex Offenders Record Search
- Local Criminal Records Search— Minimum 7 Year History
- Statewide Criminal Records Search — Minimum 7 Year History
- Federal Criminal Records Search—Minimum 7 Year History
- Motor Vehicle Records Search
- Employment Credit Report
- Education Verification
- Employment Verification
- Employment References
- Civil Records Searches— Including Tax Liens and Judgments
- Open Source and Print Media Research
- Professional License Verification
- Possibly also International Criminal Records Search⁹³

⁹¹ How to Background Check a Chief Officer, by [MICHAEL GAUL](https://www.proformascreeing.com/blog/author/michaelgaul/)
[HTTPS://WWW.PROFORMASCREENING.COM/BLOG/AUTHOR/MICHAELGAUL/](https://www.proformascreeing.com/blog/author/michaelgaul/) May 27th, 2015

⁹² This investigation determined that no background check or credit history was performed when TARC’s Director of Finance was promoted to Chief Financial Officer in July 2020.

⁹³ id

In addition, one of the best practices that is frequently used by companies when hiring or promoting an executive is referred to as a 360 review or reference. This business practice seeks input from not only references supplied by a candidate, but takes a step beyond by interviewing subordinates, peers, and superiors. A 360-degree reference check helps to form a more objective picture of the possible candidate than the candidate would provide on their own or would be provided by close friends and references.⁹⁴

The C-level roles within an organization are extremely important to organizational success and requires a very careful review of the individual's background before hiring. This simply was not done when Risco was hired nor when he was promoted. The results of this oversight and laxity created tremendous financial, emotional and reputation damage to TARC.

D. GOVERNMENT FRAUD – INTERNAL CONTROLS

As noted above, government fraud is a prevalent problem. Internal controls are the first line of defense against fraud, and according to the fraud triangle, opportunity is one of the determinants of fraud. Controls serve to reduce opportunities for fraud to occur, and to provide for early detection when it does occur. When strong controls are lacking, or when controls are in place but are not actually followed, the environment for fraud is enhanced.⁹⁵ This investigation determined that not only were strong controls lacking at TARC, but the controls in place were ignored.

XIII. FINANCIAL IMPACT AND IMPROPRIETIES

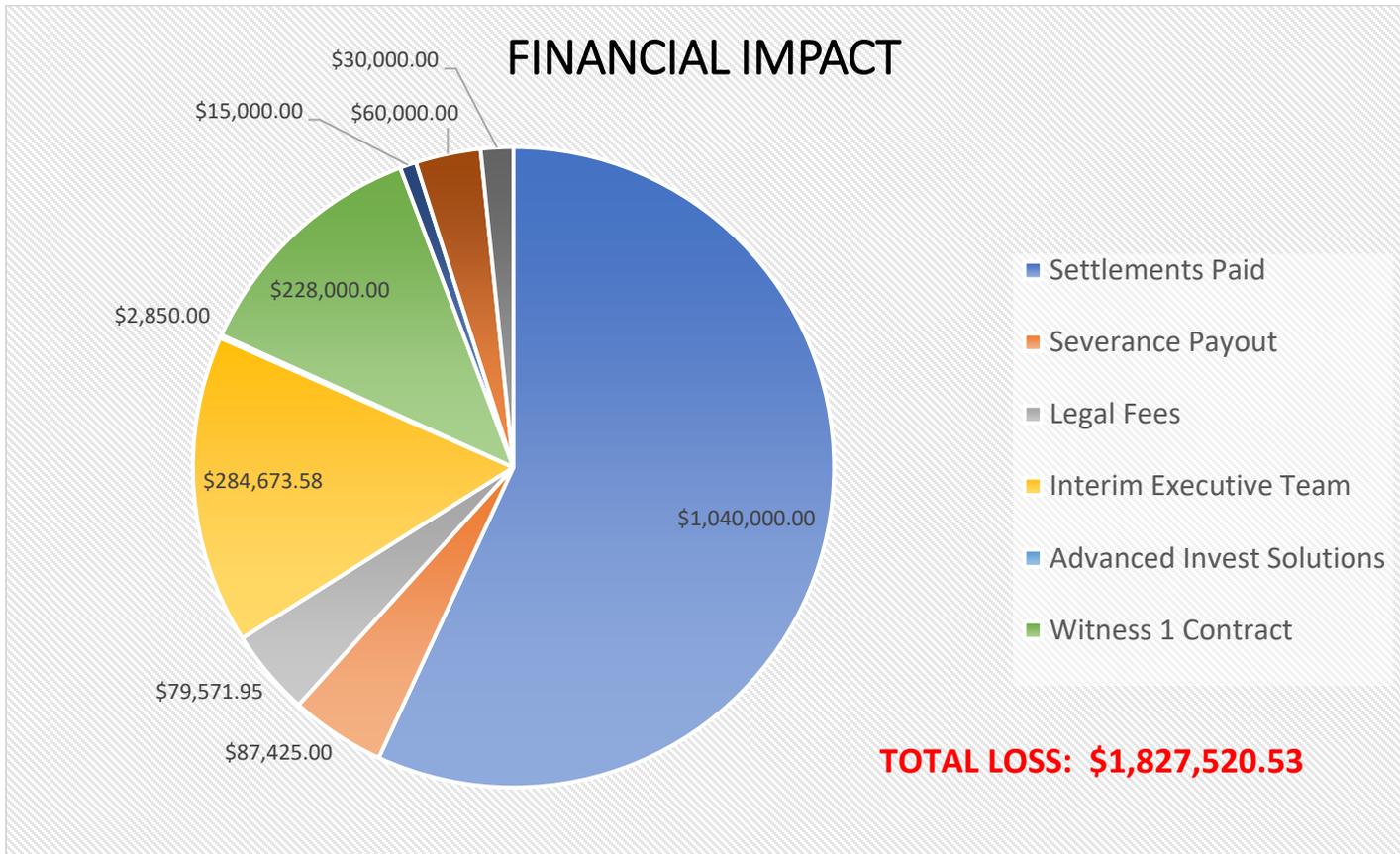
A. FINANCIAL IMPACT:

The financial costs of this matter at the time of filing this report is close to \$2 million dollars. This does not include the untold labor costs expended by TARC unraveling Risco's

⁹⁴ See <https://yespartners.com/what-is-a-360-degree-reference-check-and-why-is-it-important/>; <https://www.dhrinternational.com/about/triple-check-assessment/360-degree-referencing/>; <https://www.opm.gov/policy-data-oversight/assessment-and-selection/other-assessment-methods/reference-checking/>

⁹⁵ http://web.nacva.com/JFIA/Issues/JFIA-2011-3_5.pdf

improper conduct, the time expended by the Mayor’s office to respond to this crisis, or the time expended by Metro Council trying to determine how this all could happen.



The above graph illustrates the huge financial impact this entire affair has had on TARC to date. This total amount will continue to increase as TARC continues its litigation against Risco. There remains the potential for other victims coming forward which would further increase the total impact.

As noted throughout, these substantial losses are attributable to a systemic failure from beginning when Risco was hired to the day he was fired. They are also attributable to inadequate internal controls and board oversight.

B. FINANCIAL IMPROPRIETIES:

A thorough review of over 5000 financial records was conducted. This review disclosed significant violations of TARC procurement policies, excessive spending, inadequate record

keeping and a severe lack of oversight. It is important to note that we were dependent upon information being provided voluntarily to us and that Covid 19 restrictions limited unfettered access to potentially important TARC records. Our work should, therefore, be viewed in the context of an administrative investigation and not a forensic financial audit.

Nevertheless, the following is very illustrative of Risco's freedom to do as he pleased in terms of spending TARC funds. Moreover, it illustrates the lack of oversight and essential accountability controls. Risco entered into contracts with entities with whom witnesses stated he had existing friendship—a clear conflict of interest. TARC paid a contractor--Witness 1--almost \$137,000 without a contract on file; followed by another \$84,000 after the board approved a sole source contract. This being done while Risco and Witness 1 were having a sexual relationship which he did not disclose to the board.

Much of this occurred because Risco disregarded procurement policies and was able to do so because employees feared challenging his behavior. In large part, it was due to a lack of board oversight that permitted him such freedom. It appears that Risco set in place various actions early in his TARC career to further his improper behavior—establishing a new Chief of Staff position, getting board authority to allow the chief of staff to countersign checks, thereby, bypassing other more objective and long-term employees. There are several areas of financial impropriety that were reviewed: the substantial payments to Witness 1, how that began, and how they were able to continue even without a contract in place; his excessive spending to include excessive travel; his doubling of sponsorships to outside entities; and additional monies expended on large pay raises and creation of new positions which contributed to TARC's substantial deficit.⁹⁶

CONTRACT WITH WITNESS 1

Risco was introduced to Witness 1 by Louisville MSD Executive Director Tony Parrott. Witness 1 had worked for Parrott as a sole source contractor during Parrott tenure as Executive Director for the Cincinnati MSD. Also, present at the introduction were Victoria Johnson and Jeff Dingle who were associated with Jacobs Engineering which also was under contract with Cincinnati MSD during Parrott's tenure. At the time Witness 1 was introduced to Risco, she had been identified by the Ohio State Auditor as having a questionable sole source contract with

⁹⁶ TARC current deficient is \$21.9 million according to TARC Financial Statement for 2020.

Cincinnati MSD through which she was paid \$3 million.⁹⁷ One Cincinnati council person described the payment as “unconscionable.”⁹⁸ The purpose of the meeting was to discuss whether Witness 1’s services might be useful to TARC. Within days of this initial meeting, Risco encouraged Witness 1 to submit a proposal which she did. Even though no contract was entered into, TARC began paying Witness 1 substantial payments. She was paid \$137,445.08 from February 2019 through November 2019 before a sole source contract for future services was approved by the board.

PAYMENTS TO WITNESS 1

Date	Invoice	Check #	Payment	Check payable to
February 25, 2019	1703	145372	\$27,000.00	KBC Management Consulting*
April 9, 2019	1705	146061	\$5,139.09	KBC Management Consulting*
May 7, 2019	1707/1708	146617	\$13,059.73	KBC Management Consulting*
June 4, 2019	1709	146982	\$18,135.06	KBC Management Consulting*
June 14, 2019	1710	147144	\$9,920.88	KBC Management Consulting*
July 23, 2019	1712	147737	\$12,200.00	KBC Management Consulting*
August 15, 2019	1714	148163	\$8,500.00	Fiscal Firm*
August 27, 2019	1715	148319	\$9,883.22	Fiscal Firm*
September 6, 2019	1716	148502	\$9,907.22	Fiscal Firm*
September 26, 2019	1718	148811	\$6,699.88	Fiscal Firm*
October 15, 2019	1719	149103	\$8,500.00	Fiscal Firm*
November 11, 2019	1720	149506	\$8,500.00	Fiscal Firm*
		Total Loss	\$137,445.08	* No contract on file.
November 26, 2019	2001	149736	\$14,000.00	Fiscal Firm – Contract SA-2194
January 2, 2020	2005	150153	\$14,000.00	Fiscal Firm – Contract SA-2194
January 28, 2020	2006	150506	\$14,000.00	Fiscal Firm – Contract SA-2194

⁹⁷ <https://ohioauditor.gov/auditsearch/detail.aspx?ReportID=140620>

⁹⁸ <https://kycir.org/2020/09/14/before-contractor-billed-tarc-for-no-work-she-worked-for-msd-director/>

Date	Invoice	Check #	Payment	Check payable to
February 20, 2020	2015	150827	\$14,000.00	Fiscal Firm – Contract SA-2194
April 2, 2020	2017	151219	\$14,000.00	Fiscal Firm – Contract SA-2194
April 27, 2020	not listed	151486	\$14,000.00	Fiscal Firm – Contract SA-2194
		Total Loss	\$221,445.08	This total does not include travel expenses that TARC paid for her travel with Risco.

The above chart illustrates the 12 payments made to Witness 1 without a contract in place. As discussed above, the Director of Finance, Tonya Carter, was aware of this but felt helpless to do anything about. Carter told the chief of staff and the assistant executive director that the Witness 1 contract needed to be presented to the board because it was close to the \$100,000 threshold requiring board approval. In October of 2019 when there were discussions about a new contract for Witness 1, Risco represented that she had been paid between \$8000 and \$9000 when, in fact, her first invoice was for \$27,000. Although the total payments made without a contract exceeded Risco’s authority level (\$100,000) and no contract was in place, Witness 1 was paid anyway. This demonstrates the lack internal controls and board oversight.

The fulfillment of Risco’s scheme to pay her was facilitated by his earlier action in December 2018 to seek board authority to revise the TARC Procurement Regulations. The board minutes do not reflect what revisions they were authorizing Risco to make, but the Procurement Regulations were amended to permit Risco’s Chief of Staff to approve purchases up to \$50,000. During the time that Witness 1 was receiving these payments, Risco had promoted Witness 10 to be his Chief of Staff and gave her a \$70,000 pay raise ensuring that she would sign off on Witness 1’s invoices; she also counter-signed 6 of the checks made payable to Witness 1. Others were signed by Assistant Executive Director Frantz who was hired by Risco.

The following are examples of checks signed by Witness 10 and payable to Witness 1.

tarc Transit Authority of River City	1000 WEST BROADWAY LOUISVILLE, KENTUCKY 40203	Fifth Third Bank Louisville, KY 21-234 / 830	148163
			DATE 08/15/2019
PAY	EIGHT THOUSAND FIVE HUNDRED DOLLARS	CHECK AMOUNT	\$ 8,500.00
		TRANSIT AUTHORITY OF RIVER CITY OPERATIONS ACCOUNT	
TO THE ORDER OF	Redacted	Redacted	—

8/16/2019

148163

\$8,500.00

tarc Transit Authority of River City	1000 WEST BROADWAY LOUISVILLE, KENTUCKY 40203	Fifth Third Bank Louisville, KY 21-234 / 830	148319
			DATE 08/27/2019
PAY	NINE THOUSAND EIGHT HUNDRED EIGHTY-THREE DOLLARS AND 22 CENTS	CHECK AMOUNT	\$ 9,883.22
		TRANSIT AUTHORITY OF RIVER CITY OPERATIONS ACCOUNT	
TO THE ORDER OF	Redacted	Redacted	—

8/29/2019

148319

\$9,883.22

tarc Transit Authority of River City	1000 WEST BROADWAY LOUISVILLE, KENTUCKY 40203	Fifth Third Bank Louisville, KY 21-234 / 830	147737
			DATE 07/23/2019
PAY	TWELVE THOUSAND TWO HUNDRED DOLLARS AND 10 CENTS	CHECK AMOUNT	\$ 12,200.10
		TRANSIT AUTHORITY OF RIVER CITY OPERATIONS ACCOUNT	
TO THE ORDER OF	Redacted	Redacted	—
		AUTHORIZED SIGNATURE	

7/25/2019

147737

\$12,200.10

Thus, half of the 12 checks paid to Witness 1 prior to a contract being signed by TARC were countersigned by Witness 1 reducing the likelihood of someone questioning these payments. During this review of financial documents and board minutes, it was also observed that numerous persons have signature authority on TARC bank accounts. The more persons with signature authority makes accountability more difficult.

It was not until the October 29, 2019 board meeting that a contract for Witness 1 was discussed. This contract was prospective and not for the any payments already made to her. The board minutes are devoid any discussion about the specific need of this contracts, what experience the contractor to support the contract, or the fact that the contractor had already been \$137,445.

The resolution passed states:

A resolution authorizing the Executive Director/CEO, to enter into an agreement with The Fiscal Firm for a two (2) year contract totaling \$336,000. TARC has a need to support growth, driving operational efficiency, and improve financial decision-making capability working directly with the Fiscal Firm in developing annual planning that is supported by rolling forecasting and modeling processes, with operational centric drivers being used, and a focus on the ability to develop forecasts around varied financial scenarios and funding contingency plans.

No other insight is provided in the minutes.

Changes in Executive Level Positions

During Risco's tenure as Executive Director he made numerous personnel changes. These changes created a variety of issues for TARC—increased financial costs from creation of new positions and salary increases associated with them; potential and actual liability for the positions he inappropriately eliminated; untold morale issues throughout TARC on the part of those potentially more deserving of the promotions and pay raises; and used some of these personnel changes to bolster his financial improprieties to include further his efforts to pay Witness 1 without complying with TARC procurement and financial policy. In particular, he promoted Witness 10 to Chief of Staff and gave her a \$70,000 pay raise. Risco saw Witness 10 as an easy target because she was a single mom and was not qualified for a position at that level.

Risco prompted the board to allow him to amend the procurement policy to permit the Chief of Staff to pay and approve financial matters up to \$50,000. As noted above, this permitted him to have Witness 10 approve and pay Witness 1's invoices. Exhibit 18 shows the personnel changes under Risco.

SPONSORSHIPS

Under Risco, TARC charitable outlay increased by 50%. It did so during a time that Risco was advising the board that TARC "revenue over expenses is flat" and "We are down \$569,000.00."

TARC Sponsorships	FY 18	FY 19	FY 20	FY 21
100th Anni Metro United Way Gala	\$5,400.00			
African Souvenir Dinner	\$155.00			
Americana Community Center & Dinner		\$2,012.00	\$2,000.00	\$2,000.00
An Evening with Americana	\$2,000.00			
ATU Joint Conference		\$1,000.00		\$1,000.00
Biz Journals Dinner		\$360.00		\$360.00
Black Men Derby		\$2,000.00		
Booth Fee For Gov't (2018)		\$50.00		
Breast Cancer Walk	\$1,200.00			\$1,200.00
Building Lives Breakfast		\$1,000.00		\$1,000.00
Capital Connection	\$280.00			\$280.00
Communication Internship Fair		\$50.00		\$50.00
Dean's List Sponsorship Fair 2019			\$1,000.00	
Derby Gala		\$3,500.00		
Earth Walk	\$2,750.00			\$300.00
Evolve		\$250.00	\$300.00	
Family Scholar House		\$1,908.00		\$1,910.00
Ft. Knox Career Fair - Booth		\$338.00		
Funding Track		\$1,500.00		
GLI Sponsorship		\$17,400.00	\$500.00	
Glide	\$10,000.00	\$3,200.00		\$3,200.00
Healing Place		\$1,696.00		\$1,700.00
Hope Scholarship			\$500.00	\$500.00
Impact Summit		\$1,060.00		\$1,060.00
KBT Silver Sponsorship Booth		\$2,450.00		\$2,450.00
Kentuckians For A Better Tomorrow Award Ceremony	\$750.00			
Kentucky State Fair Fee- Booth Space			\$11,900.00	

TARC Sponsorships	FY 18	FY 19	FY 20	FY 21
KPTA Trade Show	\$200.00			\$200.00
Leadership Louisville Luncheon Table	\$1,500.00			
Leadership Summit		\$1,500.00		
Lincoln Foundation Jazz Festival	\$1,000.00			
Louisville Night in Frankfort		\$1,000.00		\$1,000.00
Louisville Sustainability Summit		\$3,000.00	\$3,000.00	
Louisville Urban League			\$1,000.00	\$1,000.00
Metro United Way		\$4,000.00	\$4,000.00	
Metro United Way Golf Scramble Hole- Sponsor	\$200.00		\$500.00	\$250.00
National Safe Place Campaign 2019		\$250.00		
Pearls of Wisdom			\$70.00	\$70.00
Rose Awards	\$720.00	\$900.00	\$900.00	\$900.00
Rotary Club		\$1,000.00		\$1,000.00
Urban League Derby		\$3,680.00		\$500.00
Wine Women and Shoes	\$1,500.00		\$1,800.00	
World Fest Sponsor		\$500.00		
YMCA Safe Place Turf Classic	\$2,000.00	\$2,000.00		
YMCA Thanksgiving		\$295.00		
Totals	\$29,655.00	\$57,899.00	\$27,470.00	\$21,930.00
<p>Observation: Under the leadership of Ferdinand L. Risco Jr. the TARC sponsorships increased by nearly 50% from FY18 to FY19. Note: <i>It is unknown if the sponsorships for FY21 have been awarded.</i> Observation: Aug 27, 2019, Risco briefed the board on the Treasurer’s Report. Risco stated TARC was closing the gap on their financial situation. “We have to close to close the gap and build reserves.” Our revenue over expenses is flat. He stated they were down \$569,000. Yet while operating at a deficit the charitable giving increased 50%.</p>				

Travel

As noted throughout, Risco traveled extensively. In 2019 alone, he traveled 23 times. As noted in the TARC Report pages 74 -79, those trips totaled \$63,928.60 and did not include all the costs of his entourage he brought with him on trips. Most of his trips were not preapproved which was required by TARC Travel Policy. Of the 23 trips taken in 2019, only 7 were preapproved. However, even the preapproval forms provide little if any information about the anticipated costs or benefits to be derived from the travel. The lack of substantive information

on these forms suggests they were merely perfunctory and not used to provide accountability over Risco's travel.

Moreover, review of his many of his travel vouchers revealed glaring inconsistencies. For example, a voucher submitted for travel to Chicago during April 12 – 16, 2019 showed:⁹⁹

- Only 3 receipts for the 6 meals listed on TARC Allowable Expense Report on page 1. Only 1/6 match the amounts listed.
- The only meal claimed on the TARC Allowable Expense Report for \$144 on April 15, 2019 does NOT match the receipt from Mastro's Steakhouse which reflects \$223. TARC's travel policy approves meals up to \$50 a day for meals.
- On page 10 reflects the amount \$716 for the hotel at JW Marriott Chicago. Page 16 the final hotel receipt with taxes reflects an advance payment of \$840.58 which does not match the amount he listed on the TARC Expense Report.
- The Delta airfare receipt (page 2) does NOT match the \$613.50 listed on the Pre-approved TARC Allowable Expense Report. The total price was \$405.00 but with this ticket was already purchased as noted in total ticket price difference (\$200) and service charge (\$8.50) to change flight information on whatever ticket was previously purchased. The balance paid on flight was \$208.50.

A spreadsheet was created to show the amounts expended for hotels and airlines. They show a picture of Risco's extensive travel.¹⁰⁰ Review of the airline records revealed numerous instances where multiple tickets were booked on the same day as well as tickets bought for the same destination on other dates. Only the Delta Airlines receipts list the destinations. The volume of tickets purchased, and lack of records provided leaves the possibility that tickets may have been refunded to Risco or travel canceled with a credit to Risco for future personal use. Only a comprehensive forensic audit of all the travel records would be able to fully analyze and determine if this occurred. Consequently, a forensic audit by the Kentucky State Auditor is imperative to discern the full extent of Risco complete financial improprieties including the travel aspect.

⁹⁹ Exhibit 15

¹⁰⁰ Exhibit 16

Contracts

Throughout this investigation, witnesses stated Risco entered into contracts that TARC directors and others thought were unnecessary. Some suggested that Risco may have benefited financially somehow, perhaps, through kickbacks.¹⁰¹ This investigation considered seeking a subpoena from Metro Council to obtain copies of Risco's and his wife's bank account. After reviewing this with Metro Council's legal counsel, it was determined that it best to refer that aspect to law enforcement authorities for investigation.

The contract with Witness 1 violated TARC procurement policies as more fully discussed above. Moreover, she was paid close to \$330,000 plus traveled frequently with Risco at TARC's cost with little to show for it. There simply was no reason this sole source contract was necessary.

Witnesses mentioned other questionable contracts. In particular, contracts with Colonial Life, Nimbus, Epic Benefit Brokers, ZED and Arnold Lee Green. These and several other contracts were reviewed by the TARC Interim Executive Team. Witnesses stated that Risco entered into a contract with Colonial Life and that the person he dealt with was his fraternity brother and Risco may have received some financial benefit. Consideration was given to obtaining a Metro Council subpoena for bank records, but after consultation with Metro Council's legal counsel it was concluded that this aspect would be better pursued by law enforcement officials. Risco did benefit from his involvement with Colonial by TARC paying for a trip to California to meet with Colonial Life officials. TARC advised they are going to re-bid the insurance brokerage contract to ensure the contract is fully vetted through the appropriate procurement processes.

With regard to the other contracts mentioned, TARC advised the following:

- Epic Benefits Brokers contract related to a self-insured medical plan; TARC determined there was no contract in place and is going to re-bid the for a new broker.
- ZED Digital – an initial contract was entered by Barry Barker into in accordance with procurement rules; however, Risco authorized ZED to pilot a mobile

¹⁰¹ Witness 1, 9, and 21.

ticketing application for a fee of \$38,000 which would not have required Board approval. In July 2019, Risco authorized ZED to complete the roll-out of mobile ticketing for a fee of \$286,000 payable over 5 years without complying with TARC's purchasing policies or gaining approval by the Board. Due to the lack of prior Board approval on one of the three contracts, the Board will be asked to ratify the existing arrangement with ZED.

- Arnold Lee Green – Witness 1 introduced Green to Risco; Risco agreed to and did pay him \$9,750 for consulting services; like Witness 1 he provided no work for the payment; TARC has demanded the money back.
- NIMBUS – Is a marketing company; some believed that NIMBUS was given a contract because Risco had a friend--perhaps a fraternity brother--who worked there. He went to the Super Bowl in 2020 with NIMBUS representatives and witnesses believed the trip was paid by Colonial Life.

TARC was requested to provide a list of contracts entered into during Risco's tenure at TARC. In response, TARC provided a 6-page list of contracts.¹⁰² An analysis of each of these contracts was beyond the scope of this investigation, however, the substantial questionable conduct by Risco and the sample questionable contracts noted above would strongly warrant a close review of the bona fides of each contract and the need for it.

The board should create a Contract Review Committee to review the merits of contracts currently in place and to ensure adequate documentation as to its need and that accountability practices are in place to ensure the purpose of the contract is being achieved. The committee should review contract proposals in advance of board meetings. The committee should review any sole source contracts in advance of any payments being made. They should also periodically review contracts over \$100k to ensure the purpose of the contract is being fulfilled and still necessary.

¹⁰² Exhibit 17.

Credit Card Use

In Nov 2017, Resolution 2017-49 FY17 Fifth Third Card Zero Balance Account. This resolution authorized the Executive Director, Barry Barker to open a zero balance (ZBA) account for credit card transactions with Fifth Third Bank. The board meeting minutes do not state why this ZBA account was opened. We are only able to show what this account was used for during the time it was in Risco's name--January 2019 - February 2020. During that time period, Risco used this card extensively. These card statements were not reviewed by the board. Every transaction was analyzed, and 93% of the charges below were BEFORE there were any charges to the Board Chair position.

Executive Director (CCard 4837)		
2019 Monthly Charges		
4837	Jan 25 - Feb 24	\$9,694.57
4837	Feb 25 - Mar 24	\$17,582.23
4837	Mar 25 - Apr 24	\$27,980.85
4837	Apr 25 - May 24	\$17,882.50
4837	May 25 - Jun 24 2019	\$6,185.98
4837	Jun 25 - Jul 24 2019	\$10,649.55
4837	Jul 25 - Aug 24 2019	\$30,926.62
4837	Aug 25 - Sep 24 2019	\$26,072.62
4837	Sep 25 - Oct 24 2019	\$6,543.20
4837	Oct 25 - Nov 24 2019	\$4,912.80
4837	Nov 25 - Dec 14 2019	\$9,249.49
2020 Monthly Charges		
4837	Dec 25 - Jan 24	\$4,547.68
4837	Jan 25-Feb 21	\$4,485.47
	TOTAL	\$176,713.56
Note: Expenses before Board changes		
4837	Jan 25 - Sep 24 2019	\$146,974.92
	93% of transactions	
	Flights	\$29,981.07
	Hotels	\$77,696.40
	APTA	\$22,639.69
	COMTO	\$6,700.00
	TOTAL	\$137,017.16

This same credit card ending in 4837 card (\$50,000 limit) was used to pay APTA expenses totaling \$22,639.69. The Board did not have visibility of these APTA expenses because they were not charged on his travel card (\$5,000/2161 card).

2019 APTA EXPENSES	
2019	Charge
1-Apr	\$1,000.00
5-Apr	\$4,625.00
8-Apr	\$1,535.59
8-Apr	\$499.10
15-Apr	\$2,700.00
9-May	\$2,700.00
9-May	\$1,800.00
31-Jul	\$2,085.00
31-Jul	\$3,900.00
22-Nov	\$450.00
25-Nov	\$175.00
Total	
2020	Charge
24-Jan	\$1,950.00
13-Feb	-\$780.00
	\$22,639.69

The extensive use of this card with no oversight as to the nature or need of these transactions allowed Risco great freedom to spend and pursue his own agenda. The board should review the need for such a card or any other credit card; and ensure that the use of such is part of the monthly financial report.

XIV. TARC REPORT

As noted at the outset of this report, the Mayor’s office hired an outside law firm to conduct an investigation into Risco’s improprieties in late January 2020. Sometime later, representation was shifted to TARC rather than the Mayor’s office. TARC issued a final report on September 8, 2020. The report discusses corrective changes that have been implemented to reduce the likelihood of this type of conduct occurring in the future. The report evidences many laudable changes and reflects much time and effort to rectify issues they identified. The Interim

Executive Team and all the TARC employees who assisted in this process are to be commended. Their efforts, like the Metro Council's investigation, found profound weakness at TARC that resulted in substantial financial losses as well as tremendous adverse impact on the lives of so many. They thoroughly revised the employee handbook written in 2000, established an anonymous tip line; created a Chief Financial Officer position and took other corrective action. Nevertheless, the report glosses over the multitude of missteps during the initial hiring phase, the later promotion of Risco to Executive Director, and the lack of board oversight—three critical aspects that could have prevented this entire matter in the first place.

There are numerous statements or conclusions that are inconsistent with the findings of the Metro Council investigation.

One statement warrants its own discussion. The TARC Report alludes to Risco having an impressive resume to suggest that a thorough background investigation was not needed or gave credence to Risco's bona fides for the job.¹⁰³ Therein, the report states:

Risco was very highly credentialed. He served on many state and national boards, was a college professor, a former military officer, and had worked his way up in the world of transit. A copy of his resume is attached as Exhibit A.

But reliance on someone's resume as proof of their bona fides or qualification is foolhardy. The FBI and other law enforcement agencies frequently find bogus or fictitious resumes at the foundation of many fraudulent schemes. One need look no further than the case of con artist Frank William Abagnale Jr., who undertook a prolific criminal career claiming to be someone he was not. During his criminal career, he successfully posed as a lawyer, doctor, and airline pilot. He created fictitious resumes and supporting documents. He was a master at creating fictitious checks and government identification documents. A movie, "Catch Me If You Can," chronicles his criminal escapades.¹⁰⁴

Again, there is simply no valid excuse for not having conducted a proper vetting of Risco. The cost of doing a thorough vetting of a potential high level executive pales in comparison to the millions of dollars this failure caused in the instant case. It also reinforces the need to establish a Metro government-wide protocol for doing so. Relying upon the many

¹⁰³ TARC Report, page 17.

¹⁰⁴ https://en.wikipedia.org/wiki/Catch_Me_If_You_Can; Following his release from prison Abagnale has lectured extensively at the FBI Academy and FBI field offices about his schemes and how he perpetrated them.

people involved in the hiring process to hopefully understand what a thorough vetting is, including the elected officials who frequent change, without a stated written policy dooms this community to repeated affairs such as this.

The other inconsistencies and exceptions to the TARC Report are set forth in the chart below:

EXCEPTIONS TO TARC REPORT	
PAGE	Observation
3	<p>TARC REPORT: Concludes that vetting of Risco at initial hiring and promotion to Executive Director was “thorough.”</p> <p>METRO COUNCIL INVESTIGATION: In reality, virtually no vetting was conducted when Risco was hired nor when he was promoted. His former employer was not contacted; information on his employment application was not verified; his resume was accepted as accurate and no verification of it was conducted. At time of promotion, there had developed red flags that were ignored. Union officials and employees had alerted the Mayor’s office and the board—these concerns were ignored. TARC Report also claims that a post-hiring/post-firing background check conducted in August 2020 failed to disclose any negative information. Metro Council’s investigator found a federal lawsuit involving Risco, a prior misdemeanor conviction and 5 MARTA employees with negative information about him.</p>
3	<p>TARC REPORT: “MARTA executives expressed no concerns or knowledge of such allegations [of wrongdoing] when talking to Barker.”</p> <p>METRO COUNCIL: Barker never spoke to any MARTA executives prior to Risco being hired.</p>
4	<p>TARC REPORT: A firm has been engaged to in the future conduct a “360” review of top candidates, speaking to supervisors, peers and subordinates at prior employment.”</p> <p>METRO COUNCIL: Requested a copy of background check conducted on new TARC executive director hired in 2020. Documents provided disclosed a database check and credit check being conducted but no records were provided evidencing any contact with prior employers or any other thorough vetting.</p>
5	<p>TARC REPORT: Witness 1 indicated that she did not report Risco’s sexual harassment because she was fearful of him but “expressed little concern about losing her contract.”</p> <p>METRO COUNCIL: Witness 1 not only expressed fear about Risco losing his temper and subjecting her to public ridicule but specifically stated she feared losing the contract. Regardless of the reason, she should not have been</p>

	<p>subjected to any sexual assault, harassment, or the fear of reporting such behavior. Had proper hiring protocols been in place and followed, Witness 1 and the other victims would not have been victimized in the first place.</p>
7	<p>TARC REPORT: “TARC’s policies were out of date and not reflective of modern approach to harassment education and training. However, <i>“flawless policies and training could not have withstood Risco’s flagrant misuse and abuse of power.”</i></p> <p>METRO COUNCIL: Proper vetting of Risco would have prevented this in the first place; proper oversight and controls over Risco by the board would have limited his ability to “misuse and abuse power.”</p>
13	<p>TARC REPORT: Chronicles Risco’s extensive travel acknowledging that “His travel, especially after August 2019, was significant and egregious.” Also notes that in September 2019,” Risco was in town for only 8 workdays, and only three were contiguous.”</p> <p>METRO COUNCIL: How Risco was able to travel so extensively and the board, or at least its chair, not be aware of it suggests a tremendous lack of proper oversight and exercise of fiduciary duties. Despite his extensive travels, the board minutes are devoid of any discussion of the merits of his travel—after action report—and the cost benefits of it. Although Risco at times delayed submitting his travel vouchers (a clear violation of TARC policies), there were a sufficient number signed by the board chair during 2019 that should have given cause to inquiry about his propensity to travel at TARC’s expense, the need for it and the benefits therefrom. As part of that cost-benefit analysis, his absence from his primary duties for which he was hired should have been part of the calculus.</p>
17	<p>TARC REPORT: “Barry’s vetting including speaking to the Executive Director at MARTA for any indications of problems with the candidate. Everyone liked Risco and none reported any issues with his employment”</p> <p>METRO COUNCIL: Barker never contacted anyone at MARTA prior to Risco being hired. Barker was interviewed 3 times; each time he stated he did not contact anyone at MARTA as part of the hiring process. MARTA officials including the person who was Executive Director when Risco was hired by TARC denied having spoken to Barker. One TARC witness involved in the interview process and knowledgeable about what Barker did at the time of hiring specifically stated that one reason Barker did not contact the Executive Director at MARTA was because Barker did not have a close working relationship with that MARTA official. Unfortunately, significant negative information could have been developed had personnel at MARTA been contacted.</p>
19	<p>TARC REPORT: In rebuttal to a local media report about Risco’s similar behavior at MARTA, TARC parries this by saying there was no “formal investigation.”</p>

	<p>METRO COUNCIL Again, this is a conclusion reached based on a post-hiring/post-firing review that did not include review of or vetting of a federal civil action filed against MARTA in which Risco is accused of wrongfully terminating an employee; moreover, it failed to contact MARTA officials to substantiate whether they were aware of any issues pertaining to MARTA. Interviews with MARTA’s General Counsel, their former CEO, and other Atlanta witnesses disclosed that an investigation into MARTA’s Human Resources Department to include Risco was conducted in 2014 – 2015. The complaints alleged micromanagement, abrasive, and tyrannical behavior. The investigation concluded management issues warranting an outside firm coming in to provide remedial management training. Finally, there were MARTA employees who could have provided negative information who were never contacted; they, like their Louisville counterparts, were afraid to report Risco—which was the reason “no formal investigation” about sexual harassment was on record. Nevertheless, this information was available had a thorough investigation been conducted. All of this was available at the time Risco was initially hired.</p>
<p>19</p>	<p>TARC REPORT: “The allegations (referenced above) certainly did not come up when the MARTA Executives were ‘backchanneled.’”</p> <p>METRO COUNCIL: On page 3 of the TARC Report, it is stated that Barker specifically contacted MARTA’s officials prior Risco’s hire which did not occur. What “backchanneling” means or when it was done is not specified. The fact remains that neither Barker nor anyone else at TARC or Metro Government contacted anyone at MARTA prior to Risco being hired.</p>
<p>21</p>	<p>TARC REPORT: “Good steward that he was, Barker reports that he did additional follow up checks with others in the transit field once Risco’s hire as Assistant Executive Director became permanent and public. When he and Risco traveled together to conferences, others in the transit field, including high level executives at MARTA confirmed that Risco was an excellent hire.”</p> <p>METRO COUNCIL: While almost all persons interviewed during this investigation gave Barker high accolades and noted that TARC gained a stellar national reputation under his guidance, the only post-hire discussions with anyone at an executive level with MARTA that Barker could recall and that this investigation could verify was a passing collegial conversation with MARTA’s General Counsel at a Miami conference after Risco was hired. Barker stated that when speaking to this person, she was very collegial with both him and Risco, and Barker assumed she would not have been so collegial had there been issues with Risco. MARTA General Counsel recalled this conversation with Barker and Risco. She said it was only in the nature of small talk and extending pleasantries. There was no discussion about Risco and his performance or behavior at MARTA. Nevertheless, this quoted statement misses the key point—any vetting of Risco should have been done before he was hired, not through some “backchanneling” after he was hired.</p>

<p>21 - 23</p>	<p>TARC REPORT: Identifies Witness A (Metro Report Witness 7) as having been sexually harassed by Risco beginning in 2017 and continuing into 2019 but not having reported it; also glosses over concerns raised by emails to the Mayor by saying “The email seems more of a compliment to Barker than an indictment of Risco.”</p> <p>METRO COUNCIL: Risco’s behavior described by Witness 7 and the other TARC witnesses along with true underlying concerns of the union officials and other employees could have and should have been ferreted out at the time he was considered for promotion rather than assuming the many emails to the Mayor encouraging a nationwide search were some form of backhanded compliment to the Barker.</p>
<p>31</p>	<p>TARC REPORT: “Contractor [Witness 1 – Metro Council Report] indicated that Risco requested and engaged in sexual activity with her; however, Contractor stated unequivocally that Risco did not ask or require her to submit to sexual activities in exchange for any of her contracts with TARC. Nor did Risco indicate that any of her contracts with TARC would be denied or revoked unless she engaged in sexual activity.”</p> <p>METRO COUNCIL: Witness 1 was interviewed twice during the Metro Council investigation—once with her attorney present; and once telephonically with TARC’s outside counsel. During her interview with the Metro Counsel investigator, she did state that she had concerns about the contract if she did not capitulate. The statements above that Risco did not ask her for sex in exchange for a contract defies the reality of these interactions—Risco was a man in power who had control over whether Witness 1 got or kept a contract. Any person in Witness 1 one’s situation may have felt compelled to capitulate notwithstanding Risco not presenting it so blatantly.</p>
<p>37</p>	<p>TARC REPORT: “TARC also provides harassment prevention training to employees. The most recent harassment prevention program was offered in July and August 2018.”</p> <p>METRO COUNCIL: Although harassment training may have been <u>offered</u> in July and August 2019, every witness interviewed including all board members denied knowing the policies or receiving any training thereon.</p>
<p>39 - 41</p>	<p>TARC REPORT: This section is entitled “Board Isolation” and weaves a discussion about the good steward Barker was and how the board came to trust him. Also, states on page 39 that “Risco appears to have gradually alienated the board.”</p> <p>METRO COUNCIL: The discussion attempts to paint a picture that Risco duped the board and that he, not the board, was in charge. All boards and their members have a fiduciary duty to provide sufficient oversight and governance to ensure the matters like what occurred under Risco do not occur. Being lulled into a false sense of Barker was a good steward so then Risco must be too since Barker recommended him is an abdication of their duties. The</p>

	<p>board’s oversight should have been more extensive since Risco was still an unknown; even after developing a “trust” for their Executive Director the board still has a duty to verify what they are being told, ask probing questions, challenge the merits of huge sole source contracts among other extremely important fiduciary duties. For much of the time Risco was at TARC, the chair was a longstanding member of TARC and provided continuity when other board members transitioned off. All board member stated they had not received any onboard training to include any training on EEO, procurement, or board fiduciary duties. This is a significant lapse and sets the board up for failure.</p>
40	<p>TARC REPORT: It is stated that Risco canceled board meetings at the end of 2019 and suggests this caused or hampered the board’s oversight.</p> <p>METRO COUNCIL: Again, pursuant to KRS96A.040, the board is in charge not the Executive Director. There was an Assistant Executive Director who could have attended meetings if Risco was unavailable due to his extensive travel commitments or whatever excuse he gave. The board worked with Risco for almost a year and should have held him accountable and been aware of his extensive travel and absences. Although individual board members may not bear the responsibility to monitor Risco’s daily activities, the board chair whoever that was at the various times in 2019, should have required Risco to inform them when he was going to be out of the office, the reason why and the benefits derived from him being absent.</p>
56	<p>TARC REPORT: TARC acknowledges that Witness 1’s sole source contract was in violation of TARC procurement policies.</p> <p>METRO COUNCIL: This begs the question why did the board approve this contract? As stated, TARC’s policy specifies that a local contractor be used and that three quotes be obtained. This was not done nor do the board minutes reflect why?</p>
66	<p>TARC REPORT: In reference to the contract with Witness 1, the report states “Risco’s lies to the TARC Board for Contractor did not end with Resolution. He appeared before the Board on October 29, 2019, with the Resolution that only been tendered to the Board that morning. This was a significant departure from the norm, in that Resolutions should be submitted to the Board two weeks before the meeting when the Agenda is published.”</p> <p>METRO COUNCIL: This is an example where the board should have demanded compliance with protocol. The results of this matter demonstrate one primary reason the rule is in place—allow for review, research and verification. It also demonstrates the significant impact of not doing so. The board owes a fiduciary duty to trust but verify what information is presented to it. There would be no need for boards if board members simply accepted all that was presented to them. To his credit when discussing Witness 1’s proposed contract at the October 29, 2019 board meeting, board member, J.C. Stites, asked about “the previous relationship with the contractor and what</p>

	<p>they delivered.” Risco provided an untruthful answer. The board should have been fully briefed and asked questions; if they felt uncomfortable rushing the contract through, they should have passed the matter to the next meeting and asked Risco to provide substantive facts to support his request for this large sole source contract. Moreover, when Risco claimed the board had previously approved the contractor two previous engagements—which was not true—they should have asked for him to refresh their memories since none of them would have been able to recall approving any such contract since they had not in fact done so. Simply accepting anything that Risco said is not exercising independent due diligence demanded of a board. As noted in the Louisville MSD Report by the Kentucky State Auditor while looking into many of the same type of allegations present in instant matter, the auditor pointed out that the fiduciary duty of Board members dictates that “they should request such information if not given to them.”¹⁰⁵</p>
<p>67 – 71</p>	<p>TARC REPORT: Chronicles Risco’s sexual relationship with Witness 1 and acknowledges that Witness 1 was paid by TARC from February 2019 through November 2019 without any contract and in complete violation of TARC policy. On page 72, the report acknowledges what this investigation determined: “Metro Council Investigator interviews revealed that Tonya Carter, Randy Frantz, Dwight Maddox and Geoffrey Hobin—all of whom would have had finance and budgeting issues within the “purview” of Contractor’s contract—reported extreme dissatisfaction with her work during this period of time.”</p> <p>METRO COUNCIL: This conclusion is troubling in that despite being in complete violation of procurement policies and members of the leadership team with purview of the matter were aware, Witness 1 still was paid \$137,445.08 via the TARC internal processes. This significant deficiency is concerning. One of the observations of this investigation was that the board approved numerous persons to be signatories on various bank accounts. TARC should review the number of persons with signing authority and review whether that number should be reduced to assist with internal controls. There needs to be sufficient checks and balances in the process. In the instant matter, Risco created a Chief of Staff position under him and empowered her to facilitate his schemes including approving Witness 1’s invoices and signing checks payable to her.</p>
<p>74 - 79</p>	<p>TARC REPORT: Discusses Risco’s extensive travel and chronicles his trips. They conclude that in 2019, Risco traveled over 23 times and expended \$63,928.60. Of those 23 trips, only 7 were preapproved. TARC travel policy requires the Executive Directors be approved in advance.</p> <p>METRO COUNCIL: This investigation independently confirmed the extensive travel chronicled in the TARC report. Not only were only 7 trips preapproved, but the preapproval forms in many instances are devoid of any or inadequate</p>

¹⁰⁵ [2011MSD-Examination\[4960\].pdf](#), page 69.

information about anticipated expenses, the purpose and benefits of traveling. Preapproval is required by TARC's Travel Policy. The preapproval serves many purposes—ensure trips are necessary and beneficial to TARC; that costs are scrutinized; and assess whether the benefits outweigh the costs and to allow the board, through its chair, to know when their Executive Director is out of the office and the extent to which he is. It is a failure of the board to allow Risco to continue to travel without obtaining preapproval. The board through its chair was aware of his failure to follow travel policy when he sought reimbursement upon return. Plausibly there may be times where exigent circumstances might necessitate travel without preapproval, but those instances should be rare. But obtaining preapproval only 30% of the time is far from rare—it's pervasive that Risco did not seek preapproval and that conduct was allowed to continue unabated resulting in tremendous costs to TARC not only in the travel costs, but the resulting turmoil and financial losses precipitated by his behavior on many of these trips. Again, this is a glaring error of oversight and fiduciary responsibilities. Moreover, the board minutes are devoid of any report back from Risco concerning his travel. The board should demand "after action reports" to ensure public funds are being spent properly and such expenses a necessary. Again, the chair was aware of his travels when signing Risco's travel vouchers and should have required him to brief the board on the results of his travel.

Furthermore, a review of two forms for trips the TARC Report states were "preapproved" trips shows they contains no anticipated travel costs or a clear benefit that will incur to TARC. Two examples are set forth below.



Revised: 3/21/14

TARC TRAVEL REQUEST

NAME: Ferdinand L Risco DEPT: Executive Department

POSITION: Interim Executive Director EMPLOYEE #: 108080

REGISTRATION FEE: \$ 0

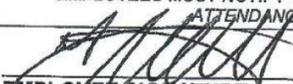
TRAVEL ADVANCE REQUESTED: _____

TRAINING DATES: _____

TRAVEL DATES: Sept. 3-5, 2019 LOCATION: ~~Chicago~~ St. Louis

EXPECTED BENEFITS TO TARC: St Louis Federal Reserve Industry Council Meeting

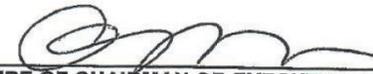
EMPLOYEES MUST NOTIFY THE TRAINING & EXECUTIVE OFFICE DEPARTMENT OF ANY CHANGES IN ATTENDANCE OR CANCELLATION AT LEAST 48 HOURS IN ADVANCE.


 EMPLOYEE SIGNATURE _____ DATE _____

DIRECTOR SIGNATURE _____ DATE _____

APPROVED: _____ DENIED: _____

REASON FOR DENIAL: _____


 SIGNATURE OF CHAIRMAN OR EXECUTIVE DIRECTOR _____ DATE 4.23.19

1. Pertinent information such as an agenda for training or promotional materials must accompany this form.
2. Travel arrangements must be made through the Executive Office.

Original - Finance Copy (3) - Training Department/Employee/Executive Department

2/1/14

144229

TARC TRAVEL REQUEST



NAME: Ferdinand L. Risco, Jr. DEPT: Executive Office
 POSITION: Executive Director EMPLOYEE #: 108080
 REGISTRATION FEE: \$
 TRAVEL ADVANCE REQUESTED: \$
 TRAINING DATES: September 17th, 2019
 TRAVEL DATES: LOCATION: Austin, TX
 EXPECTED BENEFITS TO TARC: The Atlanta Learning Exchange

EMPLOYEES MUST NOTIFY THE TRAINING & EXECUTIVE OFFICE DEPARTMENT OF ANY CHANGES IN ATTENDANCE OR CANCELLATION AT LEAST 48 HOURS IN ADVANCE.

EMPLOYEE SIGNATURE DATE
 DIRECTOR SIGNATURE DATE

APPROVED: DENIED:
 REASON FOR DENIAL:

SIGNATURE OF CHAIRMAN OR EXECUTIVE DIRECTOR DATE
 8.27.19

1. Pertinent information such as an agenda for training or promotional materials must accompany this form.
2. Travel arrangements must be made through the Executive Office.

Original - Finance Copy (3) - Training Department/Employee/Executive Department

XV. OBSERVATIONS AND RECOMMENDATIONS

A. HIRING PRACTICES - *Uniform Metro Government Hiring Policy for Executives*

1. **OBSERVATION:** This entire matter blatantly demonstrates a lack of due diligence in the initial hiring of Risco as well as when he was promoted to Executive Director. As fully discussed above, a thorough background investigation could have uncovered negative information that would have, at a minimum, given pause to the initial hiring. Far too much weight was given to Barker's subjective opinion and that of his close industry colleague. This case clearly demonstrates a need for a Metro government uniform hiring protocol when executive level positions are filled. Although a credit check was performed when the new TARC Executive Director was hired in 2020 along with an electronic database review, there is no record in the background investigation records provided indicating that anyone personally contacted her prior employer or performed any personal interviews to potentially ferret out any potential issues. The Risco debacle should have driven home the need for a thorough background investigation that would have included contact with former supervisors and subordinates. Other post-hiring media revelations about persons hired into Metro Louisville executive level positions reinforces the need to fully vet potential candidates beyond a mere database search and the need for a uniform hiring protocol that would include a 360 evaluation of such candidates.¹⁰⁶

¹⁰⁶In 2016 news reports disclosed that the recently hired Louisville MSD Executive Director had been the subject of a scathing report by the Ohio State Auditor. See <https://www.courier-journal.com/story/news/local/2016/06/22/investigations-dog-msd-chief-former-agency/86174666/>; Most recently media reports brought to light potential issues related to the newly selected police chief. See <https://www.wave3.com/2021/01/11/concerns-arise-over-new-lmpd-chiefs-involvement-atlanta-federal-investigation/>. The extent of due diligence performed pre-employment on this selection was beyond the scope of this investigation.

RECOMMENDATION:

Establish a Metro Government wide policy concerning the hiring protocols for executive levels position for all Metro agencies and boards under the auspices of Metro Government. This hiring protocol should include not only an electronic database vetting, but a 360-analysis process by which former supervisors, subordinates, and secondary references are contacted.¹⁰⁷ A thorough background check should also include a credit history analysis, criminal history and review of any court actions involving the applicant. The importance of thorough background investigations and the details of a proper one are discussed in the Section XIII “Importance of Background Investigations and Ongoing Review.” Personal financial problems often precede or precipitate financial improprieties by employees. TransUnion Company offers a robust vetting system used by both the federal government and companies doing business with the federal government.¹⁰⁸

B. POST-HIRING PRACTICES - *Ongoing Monitoring*

- 1. OBSERVATION:** TARC and Metro Louisville do not have an adequate post-hiring monitoring process to ensure its executives and persons with financial responsibilities are not encountering financial issues or have been involved in criminal or civil actions. Once an employee is hired, it is a good business practice to conduct ongoing credit checks on executive level employees and employees working in finance who have access to business/agency bank accounts. This ongoing process can detect financial problems that develop after an employee is hired. Again, it is imperative to controlling fraud that persons with access to public funds do not have financial problems that may entice them into pilfering agency funds. The excessive spending by Risco and improper contracting demonstrates that persons in executive level position can create financial carnage

¹⁰⁷ Secondary references pertain to names provided by the references listed by the applicant who are then interviewed. It is axiomatic that applicants do not list persons they anticipate will provide negative information. Seeking the names of others who know the applicant from listed references often leads to more insightful information about an applicant.

¹⁰⁸ <https://www.transunion.com/industry/public-sector/infrastructure>

with public or agency funds. The discussion above concerning proper pre-employment screening provides guidance on best practices. Moreover, this investigation determined that no credit history check was conducted when the TARC Director of Finance when she was promoted to Chief Financial Officer (CFO). Many of the corrective measures put in place by TARC to address the lack of internal controls involve the CFO's participation. It is a best business practice to conduct an initial credit check when promoting a person into a position of this nature involving control of and access to agency funds. Thereafter, ongoing credit monitoring is a prudent practice.

RECOMMENDATION:

Consider establishing a Metro Louisville post-hiring ongoing monitoring protocol to ensure executives and persons with control of or access to agency funds have not developed financial problems or been involved in criminal or civil actions that might compromise their financial health and induce them to syphon off agency funds. An example of this is service offered by Transunion called "Continuous Monitoring." This service does a continuous monitoring of a person's credit status and whether they have been arrested or involved in any civil actions. They have also developed a predictive financial trouble index whereby they can predict a person's likelihood of filing for bankruptcy in the future as far out as two years.¹⁰⁹ Often financial problems develop over time and not detected by an employer until the employee has gotten to the point where they may be enticed in embezzle money.

C. PROCUREMENT PRACTICES

- 1. OBSERVATION:** TARC has developed its own procurement policy. As discussed hereinabove, this investigation disclosed that TARC does not fully utilize the Kentucky State Model Procurement Code, nor does it participate in the

¹⁰⁹ This investigation included discussions with a TransUnion executive who explained the process and provided examples of agencies and companies using this service. In addition, former high level FBI executives now working in the private sector were consulted concerning best practices that they have encountered and recommended when working with major corporations. This TransUnion model was cited as a best practice.

Metro Louisville Procurement program. The Metro Louisville Procurement Program is very robust with extensive checks and balances that would have likely prevented Risco flagrantly ignoring TARC procurement policies. The persons involved in the TARC procurement program were Risco's subordinates and easily bullied or ignored. Operating through the Metro Procurement Program which would be an independent system outside of the control of the TARC Executive Director and would create significant safeguards toward preventing this behavior in the future. The TARC procurement policies lack clear and definitive rules on per diem rates—meal reimbursement and hotel accommodations. Risco appeared to stay at hotels without regard to the cost; and appeared to be reimbursed for expensive dinners with very little accountability whether use of alcohol was included or whether he paid for the meals of TARC employees who then sought reimbursement for meals paid by Risco.

Risco entered in contracts with Witness 1 that would likely have not been authorized under the Metro Louisville Procurement policies. He also purchased over \$50,000 of furniture for his executive suite all which does not appear (or lacked sufficient documentation) to have been done within the TARC policy and surely would not have been permitted under the Metro Louisville Procurement policy.

RECOMMENDATION:

Consider requiring TARC to fully utilize the Metro Louisville procurement program and adhere to its policies and procedures. It is a very robust program that includes significant policies concerning travel that the which the TARC policy woefully lacks such as specified per diem rates for cities—setting forth limits on meal reimbursements and hotel accommodations. It also has substantial checks and balances to ensure public funds are properly used. It also requires substantial documentation of purchases that has been lacking with the TARC

D. CREDIT CARDS

- 1. OBSERVATION:** This investigation revealed an extensive use of credit cards by Risco and members of his executive staff. The charts shown in overview of

the financial matters set forth above illustrate the extensive use of these cards with no oversight. The investigation also revealed that Risco obtained a new credit card with a \$35,000 limit without any documentation as to the necessity.

Moreover, there is no record whatsoever that the persons receiving or using these cards received any training on the policies, if any, for using these cards. TARC indicated in their report that the cards are controlled by the CFO and persons using the cards must complete a form in order to use the cards. Although these changes are an improvement over the past practices, Kentucky state government has an extremely robust credit card program governing the issuance of cards, internal controls, reconciliation of card activity, merchant category codes to track nature of purchases and to ensure purchases are within policy, documentation required for each transaction, inventory of cards, and mandated training.¹¹⁰

RECOMMENDATION:

TARC consider adopting the Kentucky Procurement Card Program or modeling a credit card policy on it.

- 2. OBSERVATION:** Regardless of whether the recommendation above concerning credit cards is implemented, it is imperative that proper training on credit card use be instituted. The need for a robust training program in this area is highlighted by the interview with the new CFO (former Director of Finance). The CFO stated that there has not been any training on credit card usage—both in the past and currently. She did indicate that there may be informal training provided by the prior person using the credit card when a new employee comes on board. This informal training if it occurs is not documented. She did indicate that there may be informal training provided by the prior person using the credit card when a new employee comes on board. This informal training, if it occurs, is not documented. Risco and his staff used the TARC credit cards extensively for most of their travel and purchases of other items, yet no training was provided on permissible uses.

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https://finance.ky.gov/services/statewideacct/Center/10_Procurement%20Cards/NEW%20Procurement%20Card%20Program%20Policies%20and%20Procedures%20Guide.pdf

RECOMMENDATION: Ensure that all persons using TARC credit cards are fully trained on the appropriate use of the cards and such is fully document that training with acknowledgements of understanding the policies.

D. FINANCIAL MATTERS - *Forensic Audit by State Auditor*

1. OBSERVATION: As discussed in the financial section of this report, this investigation reviewed volumes of financial data but only a small portion of the overall financial transaction undertaken by TARC over the past few years. This review uncovered significant violations of TARC procurement policies and other financial improprieties. Although TARC does contract for the services of an accounting firm to audit its financial statements, these audits do not conduct an in-depth analysis of TARC purchasing and spending activities and whether these activities are within TARC policies or all applicable state and federal laws nor do they conduct an in-depth assessment of employee travel expenditures. TARC also provided a list of contracts entered into during Risco’s tenure.¹¹¹ This investigation did not do an in-depth analysis of each of these contracts nor does the annual audit appear to do so either. Considering the number of questionable contracts entered into by Risco, a thorough analysis of TARC contracts is warranted. The letter submitted with the annual financial review specifically provides that: “Our responsibility is to express an opinion on these financial statements based on our audit” and that TARC management is responsible for “the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America” Thus, much of the audit review is dependent on TARC appropriately doing its part—certainly something that was questionable based on all the witnesses interviewed and Risco’s proclivity to do as he pleased. Finally, the annual review of the TARC financial statement over the past years (except for 2020) included a specific caveat that the review did not include a review of internal controls. In a letter dated September 16, 2019, to TARC accompanying the 2019 audit of financial statements the accounting firm specifically stated:

¹¹¹ Exhibit 17 – List of contracts entered during Risco’s tenure.

In planning and performing our audit of the financial statements, we considered TARC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TARC's internal control.

Accordingly, we do **not express an opinion on the effectiveness of TARC's internal control.**

Moreover, the TARC Report as well as this investigation uncovered several questionable contracts that may need further review and vetting.

RECOMMENDATION:

It is imperative to have the Kentucky State Auditor conduct a complete and thorough audit of TARC to ensure the full extent of Risco's misbehavior is uncovered and to ensure TARC has all necessary safeguards in place to prevent this type of activity in the future. It will also ensure that any financial improprieties are identified and attributable to Risco so that the new Executive Director can begin her tenure with the reassurance that any wrongdoing actually attributable to Risco is not placed on her. Moreover, as fully discussed below in the section "Board Policies, Practices and Oversight," the Kentucky State Auditor has developed an extensive list of best practices for boards that the state auditor could assess whether TARC was or is following. The auditor can assess whether TARC is in compliance with these recommendations.

E. FINANCIAL MATTERS - Sponsorships and Charitable contribution

- 1. OBSERVATION:** This investigation also determined that TARC expends significant sums for "sponsorships." The merits of each sponsorship are beyond the purview of this investigation or TARC's annual audits. Under Risco, the number of "sponsorships" funding by TARC doubled. These sponsorships have now been reduced to pre-Risco levels. However, there does not appear to be a comprehensive policy on the criteria to consider in funding these entities. As evidenced by Risco's tenure, there was no documentation of why TARC was spending its finite funding on other charitable or community organizations. As alluded to hereinabove, TARC's ridership is predominately lower income persons

who could benefit from the charity Risco doled out under his tenure. A chart of TARC's sponsorships pre- and post-Risco is presented above in the Financial Impact and Improprieties Section.

As noted above, many of TARC's ridership are low income and might benefit from TARC's charitable giving. Witness 7 stated part of her job was to seek outside charitable contributions to assist low-income riders, yet TARC is giving away funds to outside entities.

RECOMMENDATION:

Establish specific criteria to guide decisions on funding outside entities to reduce likelihood of favoritism by the Executive Director as well as reducing the likelihood of the Executive Director using these sponsorships to curry favor for himself at the expense of TARC and the TARC ridership.

F. FIANCIAL MATTERS - *Other Financial Matters*

- 1. OBSERVATION:** A review of TARC's past budget and board minutes revealed that TARC is paying an outside firm \$1.2 million to provide off-duty police services. The board minutes regarding this contract like many other contracts have very little documentation as to the need for this service and any apparent accountability as what the contract has accomplished or the number of officers provided. The St. Matthews Police Department expends approximately \$8 million per year for 60 personnel and a fully operational 24/7 dispatch center and police headquarters. The Jeffersontown Police Department expends approximately \$9 million per year to fund 71 personnel and a fully operational 24/7 dispatch center and police headquarters. Although these sums are significantly more than the \$1.2 million expended by TARC, it is unlikely that TARC would need as many officers as these two departments nor would TARC require a dispatch center and a headquarters to augment its security department to provide some of the services being performed under this contract. It is also possible for TARC to contract directly with off-duty officers and place the supervision of this contract under the TARC Security Director. There is virtually no documentation that this size of contract is needed or gaining the anticipated

benefits. The documentation related to this contract, like so many others, is woefully inadequate as illustrated on the spreadsheet of board minutes.¹¹² This creates a question what other sizable contracts lack adequate documentation as to need and the benefits being derived therefrom. Some witnesses interviewed also noted that TARC had staff to handle its marketing needs and that Risco's desire to use an outside firm was an unnecessary expense.

RECOMMENDATION:

Create a Contract Review Committee to review the merits of contracts currently in place and to ensure adequate documentation as to its need and that accountability practices are in place to ensure the purpose of the contract is being achieved. The committee should review contract proposals in advance of board meetings. The committee should review any sole source contracts in advance of any payments being made. They should also periodically review contracts over \$100k to ensure the purpose of the contract is being fulfilled and still necessary.

Regarding the \$1.2 million contract mentioned above, some businesses contract directly with off-duty police officers to augment their security needs at a cost savings to them. TARC should review the merits of expanding its security department to address the need of additional security at TARC or contracting directly with off-duty police officers. There is a potential to accomplish the security goals with substantial savings. There may be other cost savings to reviewing other contracts to include the need for using outside marketing companies.

G. BOARD POLICIES, PRACTICES AND OVERSIGHT

- 1. OBSERVATION:** This investigation revealed significant deficiencies in board oversight and ensuring accountability of its Executive Director. The board minutes for the years 2017 – January 2020 were reviewed. This review disclosed a dearth of information to show what discussions were held and what accountability was performed. The documentation found in the minutes was placed into a spreadsheet to illustrate the lack of information to discern what, if

¹¹² Exhibit 4; Board Minutes spreadsheet.

any, accountability questions were asked by the board or what substantive discussions were had regarding a multitude of matters. This spreadsheet is attached as an exhibit.¹¹³ This spreadsheet also provides a timeline of actions by Risco to further his schemes; demonstrates that there were no board discussions about the creation or elimination of director level and above positions, or pay raises. Moreover, the investigation revealed significant deficiencies in both onboard training of new board members as well as ongoing training for the board. There was a complete lack of training in the areas of EEO, fiduciary responsibilities, procurement policies, ethics, and overall board responsibilities. There appeared to be a lack of ongoing oversight into contracts to include review of budget versus actual expenditures. If this was being done, it was not documented.

In March of 2010, the Kentucky State Auditor of Public Accounts issued a list of 32 recommendations for boards. This list was generated as a result of recent investigations of boards by the state auditor. This list was attached to a December 2011 report of an investigation into improprieties at the Louisville Metropolitan Sewer District. The report was extremely critical of the MSD board's oversight of its Executive Director and the financial activities of MSD. Like TARC, MSD has its legal underpinnings based on state statutes, is a component unit of Louisville Metro government and is overseen by a board whose members are appointed by the Mayor.¹¹⁴ The auditor found that the MSD board members were deficient in their fiduciary duties. The 115-page report included extensive recommendations. Virtually all of these recommendations are applicable to TARC. Attached to this MSD report was an exhibit setting forth 32 recommended best practices. The Louisville Mayor is noted as being provided with a copy of the report. This list has been and continues to be readily available to boards such as TARC.

¹¹³ Exhibit 4.

¹¹⁴ <https://louisvillemisd.org/about-us/msd-board>

TARC did not follow or violated the majority of these recommendations during Risco's tenure. Based on knowledge as of the writing of this report, TARC continues to not follow many of these recommendations. The following are the 32 recommendations (hereinafter Auditor recommendations) and how they apply to and could benefit TARC:

**KENTUCKY STATE AUDITOR RECOMMENDATIONS FOR PUBLIC AND
NONPROFIT BOARDS - REVISED 3/4/10**

1. The Board should have a well-defined, clear mission statement to serve as a platform for policies, operational plans, and resource allocations that further the interest of its organization's members.

OBSERVATION: A review of the TARC website and policies provided during this investigation failed to disclose a clear mission statement. Such a statement would provide insight for new members as well as current members as to their mission and fiduciary duties.

RECOMMENDATION: The TARC board should establish a clear and meaningful Board mission statement including the fiduciary duties and responsibilities of its members.

2. The Board should facilitate the development of an annual orientation program and manual for new and returning Board members to ensure an understanding of the Board's structure, operations, and their legal and fiduciary responsibilities. An explanation of the budget and accounting structure, as well as revenue and investment information should also be included. If possible, the orientation should be facilitated by a knowledgeable, independent party, such as a Board attorney or consultant.

OBSERVATION: No orientation or new member training has been in place at TARC. No manual for Board members appears to exist. No formal training on budget and accounting structure, as well as revenue and investment information appears to exist. Moreover, no formal training exists concerning procurement matters, fiduciary responsibilities or EEO. New Board

members, without a proper understanding of the organization or their responsibilities, may not ask pertinent questions or may be hesitant to enter into discussions.

RECOMMENDATION: Fully implement Auditor recommendation #2.

3. The Board should ensure that its organizational structure maintains a flexibility that allows for multiple sources of information. The Board should request reports from individuals having responsibility for various program areas rather than from just the chief executive.

OBSERVATION: This investigation disclosed a complete lack of processes in place for the board to have or seek information from key TARC leaders beyond Risco. Key leadership personnel feared retaliation if they were to report Risco's activities in general and specific fear of reporting to a person too closely aligned with Risco. Had this recommendation been in place and board members at a minimum sought input from the leadership team in board meetings; or sought information from multiple sources, it is quite likely that Risco's wrongful behavior may have been uncovered much sooner.

RECOMMENDATION: Fully implement Auditor recommendation #3.

4. The Board meeting minutes should document the exact nature of the financial reviews conducted by the Board. Any issues that result from these reviews and action taken to resolve the issues should also be documented.

OBSERVATION: As discussed above and illustrated in the summary of board meeting minutes during Risco's tenure were woefully inadequate.¹¹⁵ The minutes lacked virtually any documentation about issues discussed and actions taken to resolve the issues. The contract with Witness 1 is a glaring example. The minutes after the TARC investigation are much more aligned with this recommendation.

RECOMMENDATION: Ensure Auditor recommendation #4 is fully implemented.

¹¹⁵ See Exhibit 4

5. For Boards who fall under the open meetings law, sessions closed to the public should be entered into in accordance with KRS 61.810. Any conclusions or decisions reached during a session closed to the public must be documented in the Board meeting minutes as stated in KRS 61.815, clarified in OAG 81-387.

OBSERVATION: The investigation could not assess whether this recommendation is being followed.

RECOMMENDATION: Ensure Auditor recommendation #5 is fully implemented.

6. The Board should establish an independent process to receive, analyze, investigate, and resolve concerns related to the organization including anonymous concerns. Employees, business associates, customers, or the general public may have significant, beneficial information that they are uncomfortable reporting directly to the Board. A toll-free complaint number or an advertised email and postal address for feedback would allow the transmission of this information. In addition, where applicable, the Board's policy should include a reference to Kentucky law (KRS 61.102) notifying employees, as defined in KRS 61.101, of their rights to protection against retaliation for reporting violations to certain authorities. A whistleblower policy should be adopted and distributed to employees. The policy should include reporting procedures and management's responsibility to address issues reported.

OBSERVATION: This recommendation was not adhered to previously. Although a tip line has been instituted as a result of the TARC investigation, it has a weakness discussed later in this report and it may not be as comprehensive as that recommended by the Auditor—providing an avenue for business associates, customers and the general public to feedback and to file complaints. All of these policies when enacted should have a clear roadmap to how make a complaint and how matters will be investigated and resolved. There should be specific guidance and protocol in place when the concerns involve a member of the executive team. Training on these policies is imperative and documentation of such training maintained.

RECOMMENDATION: Ensure Auditor recommendation #6 is fully implemented. Provide an avenue for business associates, customers and the general public to feedback and to file complaints.

7. An internal audit function could be used to ensure that Board concerns are independently investigated. The individual designated to perform internal audits should be given the authority to investigate and examine any area designated by the Board and the responsibility to report the audits findings directly to the Board.

OBSERVATION: TARC does not have an internal auditor to ensure Board concerns are independently investigated.

RECOMMENDATION: Ensure Auditor recommendation #7 is fully implemented.

8. A Board audit committee should appoint and compensate the audit firm and ensure the rotation of the lead audit partner and the audit partner reviewing the audit, as required by the Sarbanes Oxley Act (SOX) for companies with publicly traded stock. The Board should also consider whether rotating audit firms would be beneficial given the facts and circumstance of the organization. Further, if possible, the Board audit committee should be comprised of at least one member who has an understanding of generally accepted accounting principles and financial statements, experience with internal controls and in preparing or auditing financial statements, and an understanding of audit committee functions, as suggested in Section 407 of SOX. In addition, reviews of internal controls should be conducted to ensure that controls are functioning as designed or needed. The review of internal controls could be conducted by an internal auditor, Board designee, or included in the engagement of an auditing firm. Any concerns noted by the Board should be disclosed to the auditor and included in the audit scope for review.

OBSERVATION: TARC does not have an internal audit committee. The board has consistently used one accounting firm. There has been a significant lack of internal controls at TARC and periodic assessment whether what controls are in place are sufficient.

RECOMMENDATION: Ensure Auditor recommendation #8 is fully implemented to include the merits of rotating the audit firm and establishing sufficient protocols for periodic review of internal controls.

9. The Board should adopt a code of ethics that includes standards of conduct for its Board members, officers, and employees related to business conduct, integrity, and ethics. The policy should include the requirement to sign a form stating that the individuals have received and understand the code of ethics. The code should include statements regarding moral and ethical standards, confidentiality, conflicts of interest, nepotism, gifts, honoraria, and assistance with applicable audits and investigations. Violations of the code of ethics should be reported to the Board or designated committee of the Board.

OBSERVATION: Although TARC has an ethics policy that encompasses the board, it lacks an instructive standards of conduct policy and does not address moral issues, confidentiality, gifts or Honoraria as recommended by the Auditor.

RECOMMENDATION: Ensure Auditor recommendation #9 is fully implemented.

10. The Board should adopt a financial disclosure policy for Board members and executive management. A policy should also be developed requiring Board members and executive management to disclose any conflicts of interests. The disclosure form should be completed by a specified date and returned to the appropriate committee of the Board.

OBSERVATION: The existing TARC ethics policy does state that board members have an obligation to “disclose the existence of any financial interest to the TARC board.” The policy then alludes to “apparent conflicts of interest shall be noted for the record...” The policy itself does not specifically state what potential conflicts of interest must be disclosed, nor does it

provide guidance on what a conflict might be. Certainly, direct financial interests in a matter involving TARC is an obvious conflict, but business entities that employ family members or friends of a member might also present a conflict.

RECOMMENDATION: Ensure Auditor recommendation #10 is fully implemented to include a specific requirement that conflicts of interest must be disclosed and an instructive explanation of what a conflict might be.

11. The Board should establish and approve a detailed, equitable personnel and compensation policy. The policy should include that the Board or a designated Board committee annually review the salary increases and bonus payments made to all staff. This review should be documented in the Board meeting minutes.

OBSERVATION: It does not appear that this recommendation is being followed. There was no mention of a detailed, equitable personnel and compensation policy. During Risco's tenure, he unilaterally created and eliminated positions and set the pay for employees without any board involvement. Salary increases were not reviewed by the board except for Risco's compensation. This resulted in persons receiving significant salary increases. Numerous witnesses question whether those raises were appropriate for the experience levels of those persons.

RECOMMENDATION: Ensure Auditor recommendation #11 is fully implemented.

12. The Board should define and document all employee benefits in a fair and equitable manner. Benefits received that result in taxable income should be properly accounted for and accrued to each applicable employee. Employee benefits should also be reviewed to ensure they provide a reasonable business purpose. Also, membership fees to organizations or associations should provide a reasonable business benefit.

OBSERVATION: As noted above, it does not appear that the board was involved in personnel compensation matters or employee benefits. There also was no review to ensure there was a

reasonable business benefit. Risco himself received a large relocation fee. He also received a vehicle that he used as his personal vehicle—a doubtful “reasonable business benefit.”

RECOMMENDATION: Ensure Auditor recommendation #12 is fully implemented.

13. The Board should approve the compensation package of the organization's primary executive and be aware of the compensation provided to other Executive Staff In determining the compensation for the primary executive, the Board should consider the organizations financial resources, current economic conditions, employee performance, and salary data for similar positions at relevant organizations within the region.

OBSERVATION: The board was not aware of the compensation provided to other Executive Staff nor whether Executive Staff positions were being created or eliminated.

RECOMMENDATION: Ensure Auditor recommendation #13 is fully implemented.

14. The Board should ensure a well-defined employee evaluation system is implemented within the organization to consistently assess employee performance. The results of the employee's evaluation should be used for employee advancement or salary adjustments.

OBSERVATION: The board lacked a well-defined employee evaluation system. The board did provide Risco with a salary increase in 2019. There’s no documentation of the evaluation system utilized to assess the merits of this increase.

RECOMMENDATION: Ensure Auditor recommendation #14 is fully implemented.

15. The Board should adopt policies to ensure all forms of employee leave are properly approved and accurately recorded.

Note: The investigation did not assess compliance with this recommendation, however, the board should ensure Auditor recommendation #15 is fully implemented.

16. The Board should have sick and vacation leave policies that address the accrual, use, and the payment to employees for any unused sick, vacation, or compensatory time.

Note: The investigation did not assess compliance with this recommendation, however, the board should ensure Auditor recommendation #15 is fully implemented.

17. The Board policy should include a transparent, competitive selection process for the procurement of goods and services. The policy should outline the circumstances under which quotes, or competitive bids are required and the process to be followed. The Board should have policies that require a formal contract for purchases over a specified amount and that all contracts over a specified dollar amount require Board approval.

OBSERVATION: Although TARC does and has had a procurement policy, this investigation demonstrates that there were insufficient internal controls and reporting mechanism to ensure compliance. The award of sole source contracts and paying Witness 1 sizable sums without a contract in place clearly demonstrates the deficiencies. Although TARC does have specified dollar amounts requiring board review, those dollar amounts should be reassessed and safeguards put in place that can alert the board to potential abuses of the policy including entering into multiple contracts with a person or entity at dollar amount beneath the board's mandated approval levels and, thereby, avoid the board's scrutiny.

RECOMMENDATION: Ensure Auditor recommendation #17 are fully implemented.

18. A review of budget to actual expenditures should be performed regularly by the Board or a designated Board Committee to monitor costs in each account. The name and number of budget categories or line items should provide transparency and sufficient detail to allow Board members to accurately identify the types of expenses being attributed to each category. If expenditures occur at an unexpected rate, additional detail should be requested to ensure that incurred expenditures are reasonable and necessary.

OBSERVATION: The board minutes under Risco's tenure did not reflect a review of budget to actual expenditures. Had this been done; it is possible that Risco's excess spending and payment to Witness 1 may have been discovered sooner.

RECOMMENDATION: Ensure Auditor recommendation #18 are fully implemented.

19. At least quarterly, the Board or a designated Board committee should receive and review a listing of payments that includes, at a minimum, the payee, dollar amount, and date of each expenditure. This review would assist in identifying inappropriate, unusual, or excessive expenditures.

OBSERVATION: The board minutes under Risco's tenure did not reflect a review of payments. Had it been done; it likely would have assisted in identifying inappropriate, unusual, or excessive expenditures such as payments to Witness 1.

RECOMMENDATION: Ensure Auditor recommendation #19 are fully implemented.

20. Executive management traveling out of state should present their plans and estimated costs to the Board for prior approval. The approval of these activities and associated costs should be addressed at the Board meetings to ensure proper documentation in the minutes. Subsequent to attending approved conferences or activities, the amount expended should be reported to the Board.

OBSERVATION: The board minutes do not reflect Risco's travel being discussed at board meetings nor do they reflect a post-travel report regarding the benefits of the travel.¹¹⁶ The travel forms reviewed indicate that in many instances travel was not approved in advance. Witness statement also indicate that travel expenses were presented for board chair approval weeks or months after the travel occurred which eliminated the timely accountability of his travel. Risco appeared to be free to travel whenever or wherever he desired. Risco was out of the office all but a few business days during September 2019 and he traveled almost every month during 2019.

¹¹⁶ Exhibit 4.

The board should be aware of when its Executive Director is out of the office and ensure that conferences being attended are beneficial to TARC's overall mission to transport members of the community. In September of 2019, Risco traveled to Austin, Texas, to attend a U.S Water Alliance conference. The mission statement of the U.S. Water Alliance does not appear to have anything to do with transportation. Yet Risco expended time out of the office to attend this conference at TARC's expense. It is interesting to note that a subcommittee of the U.S Water Alliance is composed of Risco, MSD Executive Director Tony Parrott, and Victoria Johnson—all persons at the introduction of Witness 1 to Risco which ultimately lead to the tawdry activities between Witness 1 and Risco as well as the sole contract that led to Witness 1 receiving almost \$336,000 for no identifiable work.¹¹⁷ TARC advised they have put policies in place to correct significant deficiency but have not had the opportunity to determine whether it is effective or being followed as travel has been curtailed by COVID 19 restrictions.

RECOMMENDATION: Ensure Auditor recommendation #20 are fully implemented.

21. To minimize and control the cost of travel, a travel expense policy should be developed that specifically defines the allowable costs related to lodging, meals, entertainment, personal mileage reimbursement, rental cars, and airfare. The travel expense policy should state the invoice requirements for the reimbursement of certain expenditures such as taxi fees, tips, parking, or tolls. The policy should provide examples of expenditures that are to be paid for by the employee, such as costs incurred by family members or the attendance at events not approved by the Board. This policy should explicitly state that expenses not in compliance with the travel expense policy would not be reimbursed or paid by the Board.

OBSERVATION: TARC has an inadequate travel policy that specifically defines the items in recommendation 21. The federal government has strict travel policies for its employees and military personnel. These policies clearly define what travel expenses are permitted. It also set forth per diem rates and hotel rates to ensure that government employees are not living lavishly while traveling on business.

¹¹⁷ <http://uswateralliance.org/initiatives/water-equity/taskforce/team-louisville>

RECOMMENDATION: Ensure Auditor recommendation #21 are fully implemented and consider adopting the per diem rates and hotel rate caps established under the federal travel regulations.¹¹⁸

22. In lieu of credit cards, the Board should consider the following:

- The use of purchasing cards that would allow the Board to restrict the types of purchases that can be made on the card based on industry codes, Casinos, specialty retail outlets, and food and beverage establishments are examples of these restrictions. The amount spent on a single purchase can also be restricted through the use of a purchasing card.
- Reimburse employees personal credit card charges when the use is necessary. Procedures and supporting documentation requirements should be developed to facilitate this type of reimbursement.

OBSERVATION: TARC has enhanced its internal control over credit usage as discussed above. However, the use of the state Procurement Card program or its policies would provide even greater safeguards and accountability protocols.

RECOMMENDATION: Ensure Auditor recommendations #22 are fully implemented.

23. If the use of credit cards is needed, the Board should implement the following oversight controls:

- A Board member or committee of the Board should be assigned to review, at a minimum, credit card statements of Executive Staff prior to payment.
- Credit card charges should be supported by detailed receipts, documented business purpose, and supervisory approval. The employee should be responsible for the timely payment of any unsupported credit card charges or disallowed expenses.

¹¹⁸ <https://www.gsa.gov/policy-regulations/regulations/federal-travel-regulation-fts>

- Policies established by the Board should ensure that all review procedures are performed in a timely manner to avoid late fee and finance charges.

OBSERVATION: TARC did not have the above safeguards in place while Risco was Executive Director. The board has been some changes as a result of the TARC investigation, however, the board should once again review the specifics of this recommendation to ensure compliance.

RECOMMENDATION: Ensure Auditor recommendations #23 are fully implemented.

24. Expenses classified as gifts or entertainment should be documented to include the name and title of the person(s) involved and a description of why the expense was needed and how it relates to business operations.

OBSERVATION: The TARC ethics policy does not address gifts—the giving or receiving. This issue is somewhat related to the discussion above concerning sponsorships—or in essence gifts to outside entities.

RECOMMENDATION: Ensure Auditor recommendations #22 are fully implemented.

25. A policy related to reimbursements made by employees to the organization should be developed to ensure that any expenses that should be paid by an employee are monitored. This policy should include the timeframe allowed for making the reimbursement and the alternative actions that will be taken if reimbursement is not made.

OBSERVATION: The TARC expense policy does not fully address this issue.

RECOMMENDATION: Ensure Auditor recommendations #25 are fully implemented.

26. Business expense reimbursements requested by executive management should be reviewed by the Board or a designated Board committee to ensure supporting documentation is provided. This documentation should be retained to ensure that duplicate payments are not made to the employee.

OBSERVATION: The business expense reimbursements of Risco were clearly not reviewed by the board or a board committee as recommended. The board has indicated that it has put procedures in place after its investigation of Risco. Nevertheless, the current revised policy should be reviewed for compliance with this recommendation to include adequate procedures are in place to ensure duplicate payments are not made to employees. Review of Risco's travel records and that of his executive staff show use of TARC credit cards which appear to have been paid without a cross check to ensure separate reimbursement requests did not include payments already made in paying credit card statements. The Director of Finance indicated that the staff worried about late fees and would at times pay the credit card statements without verification the expenses were within TARC procurement guidelines.

RECOMMENDATION: Ensure Auditor recommendations #26 are fully implemented.

27. Specific marketing goals should be developed to monitor the success of any business promotions approved by the Board. Marketing expenditures incurred should be coded to that goal so that Board members will know the expenses involved in a specific marketing promotion. Further, documentation should be maintained detailing the recipients of promotional prizes including tickets, trips, or merchandise.

OBSERVATION: This investigation did not delve into marketing goals or marketing expenditures. However, this recommendation dovetails with the recommendation to greater board review of existing and future contracts.

RECOMMENDATION: Ensure Auditor recommendations #27 are fully implemented.

28. A Board policy should be developed to address the authorization process to purchase vehicles and the method used to dispose of vehicles. The use and assignment of vehicles owned by the

organization should be addressed within this policy. In addition, the practice of providing a vehicle should be reviewed and monthly vehicle allowances considered. The policy should include following the IRS guidelines for personal use of a vehicle.

OBSERVATION: This investigation did not assess the policy for purchasing or sale of vehicles. However, Risco had cart blanche authority to use the TARC vehicle assigned to him. Witnesses also related angst about certain TARC employees having vehicles that they believed were not necessary to their jobs while other with a business need lost use of a vehicle.

RECOMMENDATION: Ensure Auditor recommendations #28 are fully implemented to include detailed policy on the use of TARC vehicles.

29. The personal use of business equipment should be addressed within Board policy to determine when appropriate. The policy should require that equipment being used inappropriately or that is missing should be reported directly to the Board.

OBSERVATION: This investigation did not do a full assessment of equipment use policies. Witnesses did describe instances of TARC employees working on outside matters and jobs while on time and at the TARC office. A detailed specific policy should be instituted to curtail this activity.

RECOMMENDATION: Ensure Auditor recommendations #29 are fully implemented.

30. The Board should establish a policy detailing the process to report lost or missing financial information or records. To avoid lost or stolen financial information, electronic images of financial records should be created and retained, if possible.

OBSERVATION: This investigation did not assess the policy for reporting lost or missing financial records. A detailed forensic audit as recommended by this investigation should look at whether satisfactory backup systems are in place and cannot be erased or modified by anyone.

RECOMMENDATION: Ensure Auditor recommendations #30 are fully implemented.

31. A formal policy should be developed that identifies what equipment is a fixed asset and should be included as inventory. Once this designation has been made, the existing inventory listing should include the following identifying information related to each piece of equipment:

- The name of the individual in receipt of equipment;
- Description of equipment;
- Vendor name;
- Model number;
- Serial number;
- Acquisition date; and,
- Acquisition cost.

Once the inventory listing has been validated, any acquisitions and dispositions of computer equipment that fall within the fixed asset policy should cause an appropriate update to the inventory listing.

Note: The investigation did not assess compliance with this recommendation, however, the board should ensure Auditor recommendation #31 is fully implemented.

32. An information system policy should be developed that explicitly defines a user's responsibilities as they relate to information system resources and applications. These policies should cover, at a minimum:

- Securing of user id and password;
- Protection against computer virus or mal-ware infection;
- Legal notice at logon indicating system is to be used for authorized purposes only;
- Securing unattended workstations; and,
- Securing portable devices, such as laptops, Blackberries, cell phones, etc.

Note: The investigation did not assess compliance with this recommendation, however, the board should ensure Auditor recommendation #15 is fully implemented.

H. BOARD OVERSIGHT – AUDIT FINDINGS

1. As a result of the revelations regarding Risco, a special audit was conducted in 2020. Like the findings of this investigation, TARC’s outside auditing firm detailed a list of deficiencies in internal controls and board oversight. Those findings are set forth below with observations based on findings of this investigation:
 - a. Procurement Policies – The Executive Office department did not follow a board policy that all vendor contracts should originate in the Purchasing Department and conclude in the Finance Department. Therefore, certain identified contracts originated by the Executive Director were not subject to safeguards of purchasing process for the organization and signed contracts were not maintained or available to the Finance Department. Certain vendor contracts were identified that violated the progression of purchasing processes based on the proposed and billed contract service values, including Responsible Contractor Analysis, Small Purchases, Informal Bid Analysis, Competitive Bidding, Independent Cost Estimates, Time Contract Firm Ceiling Price and Board approval of contracts aggregating to over \$100,000. The vendor was also paid advance payments on proposed services, which is prohibited by policies. There were no tangible work products presented from billed services. There were not any signed agreements between TARC and the vendor for certain scopes of work drafted. Of three identified contract proposals, the third one involved a vendor company name change in an alleged attempt to separate the scope of work from the prior scopes of work that approximated \$110,000. The third proposal (\$336,000) was presented to Board by the Executive Director and TARC management and Board reported being deceived by the Executive Director on the nature of the proposed contract and services and the lack of a normal purchasing process.

OBSERVATION: There is no question that Risco flaunted procurement policies. Some members of TARC leadership were aware of these violations but felt powerless to report them. Had the board conducted a closer review of the budget expenditures and demanded more accountability from Risco, perhaps some of these violations would have been disclosed sooner. As noted in the discussion of Kentucky State Auditor recommendations, the board should seek

input from not only the Executive Director, but other department directors to ensure they are receiving accurate and complete information about TARC business matters. They should seek status reviews on prior projects approved; and review benefits of large contracts that they approve. Consider joint training with TARC directors and executive leadership to build rapport where those in leadership roles would feel comfortable reporting inappropriate conduct.

RECOMMENDATION: Ensure the state Auditor Recommendation discussed above is implemented.

- b. Ethics Policy – The Executive Director did not abide by Board Policies for identifying and disclosing potential and real conflicts of interest with vendors. TARC also reported there was reasonable evidence of a romantic relationship with a vendor and reasonable evidence of collusion between the Executive Director and the vendor on vendor’s scope of work, sole source process, pricing of services, and authorizing payments to the vendor.

OBSERVATION: This investigation disclosed that Risco violated numerous provisions of the TARC ethics code. Although TARC has had an Ethics code in place since 2011, it is lacking clear guidance on ensuring it is being followed and a clear definition of what a conflict might be. Moreover, the TARC minutes reviewed were devoid of any discussions about the ethics policy and no training was provided to the board.

RECOMMENDATION: Review and revise the ethics policy to provide a review function and mechanism to ensure compliance. Ensure ethics training is provided to the board and fully documented. The board should have additional training on its oversight and fiduciary duties to ensure the actions and recommendations are fully vetted and not perfunctorily approved.

- c. Travel Policies – The Executive Director did not seek pre-approvals of his travel from the Board of Directors Chair. The Policy also required the Board Chair to approve expenditures within 10 days of return of travel status. Some expense reimbursements did not have adequate source documentation or were not provided for timely review.

OBSERVATION: This investigation found numerous instances of Risco traveling without preauthorization. Even those that were signed did not include an estimated cost of travel or sufficient documentation of the need for travel. Although it is true Risco did not seek pre-approval, the duties of a board, especially, its chair is to be knowledgeable about what its Executive Director is doing. The fact that Risco could travel as extensively as he did without anyone on the board knowing or being aware that their executive director was out of town as much as he was demonstrates a lack of oversight. Risco was on travel status at least once a month during 2019; and on travel status every week of October 2019 and most of September. The board should have been aware of this extensive travel or at least the chair. The board chair would have learned of travel when Risco sought reimbursement for his travel since the board chair is required to sign his travel voucher. The first time Risco submitted a travel voucher that had not been preapproved, the board chair should have demanded that Risco follow the travel policy—or not travel again until he abided by the travel policy.

For the board to absolve itself from any responsibilities from this lack of oversight is an abdication of its fiduciary duties. The minutes are also devoid of any after action or board briefing on the merits of Risco’s travel.

RECOMMENDATION: Ensure that pre-approval of travel is mandated and enforcement measures in place for failure to seek preapproval. Moreover, the board should require a report after travel to determine if the travel (or similar future travel) is beneficial and that the benefits outweigh the travel costs and the absence of its Executive Director.

1. BOARD OVERSIGHT – PERSONNEL CHANGES

1. **OBSERVATION:** The board was unaware that Risco created new management level positions and eliminated others or significant pay raises being given. They were also unaware that he gave large salary increases to employees such as Witness 10 and Witness 7. The arbitrary elimination of positions created liability for TARC. They also created significant morale issues for many long-term employees who felt they were more deserving of a raise.

RECOMMENDATION: The board should establish a clear policy that the Executive Director must at a minimum advise the board of these types of changes—creation or elimination of positions and the reasons for doing so. This should then be clearly documented in the board minutes.

2. BOARD OVERSIGHT – MEMBERSHIP IN OUTSIDE ENTITIES

1. **OBSERVATION:** Risco participated in or was a member of various associations to include serving on the Boards of The National Safe Place Network, The Healing Place and as Secretary for The Louisville Urban League, as well as Greater Louisville Inc. – Louisville’s Metro Chamber of Commerce (GLI), Kentuckians for Better Public Transportation & The Louisville Tourism Committee and the U.S. Water Alliance.¹¹⁹ The board minutes do not reflect the board’s knowledge of or the extent to which its Executive Director participated in outside entities. Although these groups may serve a meritorious purpose, the board should be aware of the organizations or groups in which their Executive Director participates to ensure there are no conflicts of interest and that their Executive Director is not dedicating too much of TARC time to outside endeavors.

RECOMMENDATION: The Board should establish a policy that TARC Executive Director inform the board of organizations, associations, groups, and entities in which their Executive Director participates.

3. BOARD OVERSIGHT – PERSONNEL CHANGES

OBSERVATION: Risco created and eliminated executive level and director level position without board review or approval. He alluded to the executive office being the first TARC area that would take personnel cuts to deal with budgetary woes, but the board never explored what he meant or proposed to do. He eliminated the Chief of Staff position claiming it was for budgetary reasons; and then a few months later recreated the

¹¹⁹ Risco attended the GLI Greater Louisville Idea Development Expedition trip to San Francisco which was paid for by TARC.

position and gave the new Chief of Staff a \$50,000 raise. All this was done without any board involvement. His actions lead to settlements with former employees victimized by his actions. He also gave extremely large salary increases to employees out of the norm for TARC and to persons without the requisite experience.

RECCOMENDATION: Establish policy that the creation of or elimination of any director level and executive level positions must be at least reviewed by or approved by the board. Moreover, the board should establish policy that any pay raise beyond a specified dollar amount or percentage must be reviewed or approved by the board.

4. BOARD OVERSIGHT – LEADERSHIP TEAM

OBSERVATION: Throughout this investigation numerous witnesses expressed a belief that the Assistant Executive Director was aware of some of Risco’s inappropriate behavior but did not do anything about it.¹²⁰ Some stated that Assistant Executive Director observed Risco make inappropriate comments and then laughed about the comments. Witness 2 stated that she observed joking between Risco and Frantz during which they called Witness 4 a liar. She also stated that Risco would make fun of the wigs she would wear, and Frantz would laugh about those comments. Frantz would then make the same comments to her which she thought was very inappropriate. Frantz and Risco had a propensity of tearing down employees. Others noted they felt they did not feel comfortable reporting their concerns to Frantz or, if they did, nothing was done.¹²¹ When interviewed, Frantz acknowledged that during some of the times with Risco, he would say to Frantz, “Hey, look at this girl” and show Frantz a random picture of a girl. Other times, he would say to Frantz, “Look at this girl, she’s hot.” Risco would often make sexual comments referencing female body parts and say things such as, “Look at this nice ass.” Frantz also noted that Risco’s language was often not professional and that he used profanity frequently. Risco often used the “F word.” Frantz noted that he had concerns about Witness 1’s work for TARC. He discussed this with Risco who deflected the

¹²⁰ Witnesses 1 ,2, 4, 5, 7, 9, 10, and 12.

¹²¹ Witness 9; Ratchford interview.

concerns. Frantz was hired in July 2019 and worked with Risco for approximately 7 months. Although he was relatively new at the job and may have felt uncomfortable reporting Risco's behavior, his responses to Risco's inappropriate behavior in meetings and his comments to Witness 2 are questionable.

RECOMMENDATION: Perform a 360 assessment of Frantz to determine whether employees have been subjected to similar behavior as described by Witness 2 and to ensure any lingering concerns about lack of trust in him or a belief that ethical or inappropriate matters cannot be taken to him.

5. EMPLOYEE ASSESSMENT OF MORALE AND TARC LEADERSHIP

1. **OBSERVATION:** TARC and its employees underwent tremendous upheaval as a result of Risco's behavior. Many people were terminated or left out of fear of being fired. Long term employees were passed over for raises and promotions. Witnesses stated that Risco looked down on bus drivers and other mission critical personnel. Witnesses described poor morale. Following Risco's departure, there was an interim management team put in place; followed by a new Executive Director and General Counsel. The media has had and will have reporting on this investigation which will potentially impact morale. The recommendations of this report and the TARC Report may enhance employee's belief that controls are being put in place to prevent this systemic failure in the future; however, only some type of confidential surveying of employees will answer whether the remedial measures are sufficient to improve morale and employees' trust in TARC leadership.

RECOMMENDATION: Conduct a climate or pulse survey to assess the morale of employees. This survey should include questions about employees' perception of the integrity of TARC and its leadership team; whether there are adequate policies and systems are in place for reporting illegal or unethical behavior. Although the TARC Report indicates a tip line has been established and may appear sufficient by the board or the executive team, the true measure of a program's validity is whether

employees understand it and are not fearful of using it. Again, throughout this investigation numerous witnesses did not report Risco's behavior out of fear that doing so would have adverse consequences. Some also observed that when matters were reported that no action was forthcoming. It is imperative that employees feel safe using the new reporting measures and fully understand how to use them. Such an evaluation will guide the new management team and the board in taking actions to ensure the concerns of its employees are being addressed. conduct an internal climate survey of employees to assess morale.

6. EXECUTIVE DIRECTOR APPOINTMENTS

OBSERVATION: Historically, the Mayor has appointed TARC Executive Directors without Metro Council's approval. For example, there is no record of Metro Council approving the appointment of former TARC Executive Director Ferdinand Risco¹²² or current TARC Executive Director Carrie Butler.¹²³

RECOMMENDATION: Consider merit of mandated Metro Council review of Executive Appointments such as TARC. This would provide additional oversight in critical selections such as this and give an opportunity to more fully vet candidates. The failure to perform adequate vetting when Risco was hired resulted in a financial impact of close to \$2 million dollars.

7. TRAINING DEPARTMENT

OBSERVATION: Risco dismantled the Training Department when he became Executive Director. Several witnesses stated that doing so was a mistake and that a

¹²² A Louisville Metro Archive Search for "Risco" conducted on 2/17/21 revealed no relevant hits.

<http://louisville.granicus.com/ViewSearchResults.php?view_id=2&types%5BClip%5D=on&types%5BAgendaItem%5D=on&types%5BNote%5D=on&types%5BVote%2CMotion%5D=on&types%5BCaption%5D=on&allwords=risco>

¹²³ A Louisville Metro Archive Search for "Carrie Butler" conducted on 2/17/21 revealed no relevant hits.

<http://louisville.granicus.com/ViewSearchResults.php?view_id=2&types%5BClip%5D=on&types%5BAgendaItem%5D=on&types%5BNote%5D=on&types%5BVote%2CMotion%5D=on&types%5BCaption%5D=on&allwords=risco>

company the size of TARC requires a dedicated training department.¹²⁴ This investigation found almost a complete lack of a comprehensive training program-- lack of training for new board members as well as ongoing refresher training; lack of training for new employees as well as ongoing training for all employees; lack of ongoing training on all aspects of TARC policies, procedures, EEO and ethics matters. Moreover, the fact employees demonstrated lack of knowledge about how to report unethical, inappropriate, or criminal matters underscores the need to have a robust training department to prevent situations like this from happening in the future. The lack of adequate training on all aspects of TARC was an underlying cause of many aspects of this saga.

RECOMMENDATION: Reinstigate a training department and develop a robust training protocol for onboarding new board members, employees and mandated annual training on new policies and existing policies, especially in the area of ethics, EEO, and sexual harassment. Developing new policies to rectify the problems under Risco and having comprehensive policies and procedures is worthless unless employees are given proper training and understand these policies and procedures.

8. TRAINING – CREDIT CARDS AND TRAVEL

OBSERVATION: Related to the observation and recommendation above concerning training, the need for a robust training program is highlighted by the interview with the new CFO (former Director of Finance). When asked, she lacked understanding of the travel policy that has been in effect since 2015. The CFO stated that she has not received any training on the travel policy. When asked about the travel policy in place dated 2015 under the heading, “Lodging” she was unable to provide clarity what “actual and necessary” meant. Therein, it is stated that “TARC will pay the actual and necessary cost of lodging required for official business.” Witnesses stated that Risco would often travel 2 – 3 days before an event. It is

¹²⁴ Interviews: Blanton; Harris, Ratchford; and Witness 21.

questionable that those additional days of lodging would be “necessary.” The CFO also stated that there has not been any training on credit card usage—both in the past and currently. She did indicate that there may be informal training provided by the prior person using the credit card when a new employee comes on board. This informal training if it occurs is not documented. She did indicate that there may be informal training provided by the prior person using the credit card when a new employee comes on board. This informal training, if it occurs, is not documented. Risco and his staff used the TARC credit cards extensively for most of their travel and purchases of other items, yet no training was provided on permissible uses.

RECOMMENDATION: Ensure that all persons using TARC credit cards are fully trained on the appropriate use of the cards and fully document that training with acknowledgements of understanding the policies.

9. TIP LINE

A. REPORTING PROTOCOL

OBSERVATION: The TARC Report states that they have implemented a Tip line. This policy was thoroughly review. Although the policy is laudable and well written, it has a significant defective. The policy states that the “primary recipients of the complaints are the TARC’s Ethics Review Committee.” This committee is composed of someone in the Diversity and Inclusion Department, a member of the legal team, and a board member. The policy also states that the “Executive Director(s) shall receive a copy.” The persons who were at the center of the issues outlined throughout this report were: 1. the Director of Diversity and Inclusion—witnessed the inappropriate behavior but took no action until the end; employees felt they could not trust her; and 2. Risco, the Executive Director—the primary person at the core of this entire saga—not only did employees fear reporting him but some knew he had access to EEO complaints as well as open access to records of those who sought help through the Employee Assistance Program. Having all three members of the Ethics

Committee employees within TARC retains the possibility of employees distrusting the system created to solve the deficiencies in the prior system.

RECOMMENDATION: Establish a formal policy whereby employees can report matters directly to the board or an outside entity without fear of the persons involved finding out or disclosing it to someone who is.

B. ACCESS TO TIPLINE

OBSERVATION: The TARC website does not have a link to the tip line to make it easily accessible to employees. Review of TARC's website also failed to reveal any reference to the Tip line or provide access to the policy.

RECOMMENDATION: Place a clearly apparent link to the Tip line long with a copy of the policy.

C. PUBLIC ACCESS TO THE TIP LINE

OBSERVATION: Although the new Tip line policy refers to the public ("citizens") being able to use this Tip line, once again, the TARC website is devoid of any reference to a tip line, access to the policy, or a provide a link to filing a complaint. In the instant matter, Witness 1 was an outside contractor or member of the public. Other members of the public should have an easily accessible means to report improper conduct. Additionally, for the same reasons mentioned in subsection A above, the persons who under the new policy who will be receiving notice of a complaint are the very same persons who were at the core of the instant matter. This underscores the need to have an alternative reporting protocol in place.

RECCOMENDATION:

1. Place a clearly apparent link to the Tip line long with a copy of the policy. The preface to this link should clearly state the Tip line may be used by both employees and members of the public.
2. Establish a formal policy whereby employees and members of the public including contractors can report matters directly to the board or an outside entity without fear of the persons involved finding out or disclosing it to someone who is.

10. REFERRAL TO LAW ENFORCEMENT

1. **OBSERVATION:** The TARC report indicated that law enforcement authorities have been made aware of Risco's behavior. Some witness statements disclose potential criminal activity to include sexual assault charges. In addition, some of the financial improprieties described by witnesses could potentially implicate state and federal criminal violations. TARC receives significant federal monies. Federal statute 18 U.S.C. §666 provides that any official of an agency that receives more than \$10,000 in federal funding can be federally prosecuted if they embezzle, steal, obtain by fraud, or otherwise without authority knowingly convert those funds. Some witnesses questioned certain contracts Risco entered into and expressed concerns that Risco may have benefited from entering into those contracts.

RECOMMENDATION:

- b. Contact the Office of the Commonwealth Attorney, Jefferson County, and the Louisville Metro Police Department to review any potential state criminal charges applicable to Risco's behavior.
- c. Contact the U.S. Attorney's Office for the Western District of Kentucky and the Federal Bureau of Investigation to review any potential federal criminal charges applicable to Risco's behavior.

XVI. CONCLUSION

Virtually no due diligence was performed at the time Ferdinand Risco was initially hired by anyone involved in the hiring process. Had such due diligence been done, it is likely that sufficient negative information would have been uncovered to cause officials not to hire him, or at least, give them the opportunity to further evaluate him as a candidate. Having done so, would have prevented untold financial damage, emotional damage to so many, and the extensive negative impression of TARC and the City of Louisville.

Similarly, virtually no vetting was done when Risco was promoted to Executive Director. TARC union officials and employees communicated the need for a nationwide search to replace Barry Barker. In addition, the TARC Union president spoke at a TARC board meeting imploring the board to seek other candidates. Both the Mayor and Deputy Mayor were aware of the union officials' concerns, but their concerns seemed ignored or dismissed. Again, sufficient due diligence may have uncovered sufficient information to stop his promotion or at least pause the promotion process.

Although the TARC board is composed of many talented people, there was little documentation of any sufficient oversight into Risco's activities. This included a lack of oversight related to Risco's hiring and firing of many people, the creation and elimination of position, the giving of a substantial pay raise to persons not having the experience consistent with the pay raises. The board accepted Risco's changes in board meeting format whereby he gave almost all reports—a complete change from when Barker was Executive Director. TARC program Directors were not asked for their input or comments. The board appeared to completely accept what they were being told without performing sufficient due diligence—a critical element of a board member's fiduciary duty.

The deficiency in oversight was partly due to the board having worked with Barker who had a stellar reputation, and the board came to completely trust him. Risco was still new to TARC and a somewhat unknown factor. Consequently, the board should have exercised greater control and oversight.

There was a complete breakdown of internal controls and internal reporting processes. Employees in the leadership team and executive team felt powerless to do anything about

Risco's abuses. They feared retaliation and loss of their jobs if they reported Risco. Persons to whom employees should have reported the problem were part of the problem.

To the board's credit as well as the Interim Executive Team, many changes have been implemented since Risco's departure. Still there appear additional measures that should be considered to reduce the likelihood of this type of conduct occurring in the future.

XVII. EXHIBITS

1. Louisville Metro Council Resolution No. 021, Series 2020
2. Louisville Metro Council Resolution No. 022, Series 2020
3. Background Investigation – Barry Barker September 2, 1994
4. TARC Board Minute Summary – January 17, 2017 – January 10, 2020
5. TARC Employment Application - Ferdinand Risco, Jr
6. Certificate of Release or Discharge from Active Duty - Ferdinand Risco, Jr
7. LinkedIn Profile - Ferdinand Risco, Jr
8. Email to Mayor from Mathias Hamilton, TARC Union President; and Reply from Mayor's Office – December 14, 2018
9. Letter to Mayor from Todd Dunn, President, Greater Louisville Central Labor Council
10. Statement Presented to TARC Board by Mathias Hamilton, TARC Union President – January 22, 2019
11. Emails to Mayor from TARC Employees – January 2019 – February 2019
12. Message from Witness 6 to Witness 4 – April 14, 2019
13. Messages from Ferdinand Risco, Jr. to Witness 7
14. Forensic Report from Mobile Forensic Solutions – July 27, 2020
15. Expense Report for Travel to Chicago APTA Conference – April 2019
16. Hotel and Airline Expenses – 2019
17. List of TARC Contracts
18. List of Personnel Changes Under Risco
19. Witness 1 Messages from and with Risco and Others Involved in this Matter