



Reply to:

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May 7, 2018

The Honorable Janet C. Long	janetclong@pinellascounty.org
The Honorable Pat Gerard	pgerard@pinellascounty.org
The Honorable Charlie Justice	cjustice@pinellascounty.org
The Honorable David Eggers	deggers@pinellascounty.org
The Honorable Karen Williams Seel	kseel@pinellascounty.org
The Honorable John Morroni	jmorroni@pinellascounty.org
The Honorable Kenneth Welch	kwelch@pinellascounty.org

Dear Commissioners:

On April 17, 2018, the Board of County Commissioners discussed, amongst other issues, whether to decline to reappoint CareerSource board members if they voted for a settlement or severance payment to Ed Peachey in exchange for a release. Any decision to remove board members because of the way they voted goes to the integrity of the organization and the processes by which decisions are made. For that reason, I hope that you will consider the following information.

In January, the Governor directed the board to meet regarding the actions of Ed Peachey and to determine appropriate disciplinary action. The board took seriously the Governor's directive and met in emergency session and then formed an ad hoc committee to evaluate CareerSource practices and Ed Peachey's conduct in particular. CareerSource's Board members met, including the executive, full board and ad hoc committees, no less than 14 times. In the course of those 14 meetings, board members considered and reviewed operations, contracts with area employers, practices and policies, and heard from various directors within the organization. As a consequence of these meetings, a determination was made that the practice of entering employer provided lists as direct placements needed to be immediately suspended (as likely violative of WIOA rules) and a full disclosure made to the DEO. I attach for your consideration Chair Jack Geller's February 2018 letter to the DEO.

The Career Source board is comprised of highly experienced trade union, accounting and legal, and particularly HR professionals. It also includes, of course, experienced County Commission representation. Attached to this letter is a listing of the CareerSource executive committee and ad hoc committee members as well as their place of employment and professional expertise.

After more than 20 hours of evaluation over the course of 14 meetings, the executive board and then later the full board made a decision to terminate Ed Peachey's employment

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without cause. During several meetings, Ed Peachey's counsel addressed the board and made various claims relating to future legal action against both CareerSource and Pinellas County. It was reported to the board that Mr. Peachey's threats were not strong legal claims and that CareerSource would likely prevail in any litigation initiated by Mr. Peachey. However, the defense of these claims would involve employee and board time and not insignificant legal expenses. In addition, the consensus among board members was that it was time to focus on correcting prior practices, getting new management appointed and directed, and moving on. Consequently, both the executive board and the full board voted for a settlement payment of approximately \$52,000 (monies that would come from an unrestricted and non-tax dollar account) to Mr. Peachey in exchange for a full release. Incidentally, Mike Meidel, a consummate county professional, stated that to pay the settlement was appropriate because the attorneys' fees incurred, even in the successful defense of Mr. Peachey's claims, would very likely exceed the \$52,000 settlement offer. To Mr. Meidel and other board members, the settlement payment would save tax dollars required in an unnecessary and expensive legal defense.

Even though the County's Commissioners on the board voted against the payment of any settlement, County Attorney White requested that CareerSource include the County in any release to be negotiated with Mr. Peachey. This is an infinitely sensible request and would have ensured that the County was not separately sued by Mr. Peachey.

Board members took their responsibilities seriously. These board members considered the data and information they were provided and made a decision based on their professional experience and expertise. Their votes reflect what they perceive, after 20 hours of work and analysis, was in the best interest of CareerSource. Respectfully, removing board members because of the way in which they voted is not appropriate and undermines both the hard work of the CareerSource board and the integrity of the organization.

To the extent that you are concerned that the board improperly ignored CareerSource placement practices, I request that you consider the following. For the ten years in which CareerSource improperly entered employer provided lists of prospective hires as direct placements, the organization was regularly monitored and its practices audited by the DEO. The DEO issued clean reports to the CareerSource board and made routine presentations to the board on CareerSource practices in which nothing was reported as inappropriate as it relates to this specific practice. The board, including the County Commissioners serving on the board, was clearly entitled to rely upon the DEO and its reports and auditing. Curiously, it is now the DEO that is assigned the task of determining whether the placement practices that it failed to detect in the first place were improper. As mentioned previously, the board has already completed its own investigation and has reported to the DEO that those practices were improper.

Separately, much has been made recently in the press about Ed Peachey's unilateral decision in September 2016 to fire the then CareerSource audit firm. This issue has been used to

suggest that CareerSource board did not take its responsibilities seriously. But the facts of this incident have not been accurately reported. In September 2016, after learning that CareerSource's audit firm had hired a former CareerSource CFO, Mr. Peachey terminated the audit firm. The reason for the termination was that the audit firm was auditing CareerSource for the time period including when the former employee was serving as CFO. This represents an unwaivable objectivity and independence issue under the AICPA Rules of Professional Conduct. CareerSource formed an ad hoc committee to evaluate Mr. Peachey's authority and decision to terminate the accounting firm. The ad hoc committee, which included County representatives, met and determined that Mr. Peachey had the required authority under Florida Statutes and the interlocal agreement to terminate the audit firm. The ad hoc committee also determined the decision to terminate because of the independence and objectivity issues was absolutely required.

But in the course of the ad hoc committee process, County representatives raised a number of appropriate points on best practices and suggested changes, including that Mr. Peachey should not be a voting member on the audit committee. CareerSource agreed with the County's recommendations and immediately began the process with the County of revising the interlocal agreement in order to incorporate the County's recommended changes. In June 2017, CareerSource executed the revised interlocal agreement. To date, the County has not executed the agreement that includes the changes it suggested in the first place.

This letter is about looking forward and on behalf of CareerSource I ask that the County not decline to reappoint board members because of the way in which they voted.

Thank you for your consideration

Sincerely,



Charles M. Harris, Jr.

CMH



February 15, 2018

Mr. James E. Landsberg
Inspector General
Florida Department of Economic Opportunity
107 East Madison Street
Tallahassee, Florida 32399-4123

RE: CareerSource Pinellas d/b/a CareerSource Pinellas

Dear Mr. Landsberg:

On January 26, 2018, Governor Scott urged CareerSource Pinellas and CareerSource Tampa Bay to meet in emergency session and consider appropriate disciplinary and administrative action concerning the recent media articles. The respective Executive Boards subsequently met and voted to approve and participate in an Ad Hoc Committee that would evaluate CareerSource's placement practices and any appropriate disciplinary measures. The purpose of this letter is to present you with certain information received as part of the Ad Hoc Committee meeting that was held on February 9, 2018.

As the Committee learned, CareerSource Pinellas and CareerSource Tampa Bay entered into written contracts with numerous area employers in order for them to participate in the On the Job Training and Paid Work Experience Programs, both allowable activities under the WIOA legislation. I provide you with standard copies of these agreements as attachments to this letter. Specifically, CareerSource Tampa Bay has entered into over 500 of these agreements with local employers; CareerSource Pinellas has entered into over 270 of these agreements with local employers.

In order to maximize their participation in these two programs, many area employers would provide lists of individuals ("Employer Provided List") that they were considering hiring in the future. These lists were presented to the Business Services Group of both CareerSource Pinellas and CareerSource Tampa Bay. The Employer Provided List also would be provided to what is referred to as the OJT Team which would then review every single potential job seeker included on the list for eligibility in the OJT and PWE Programs. This process involved accessing the following systems to check for program eligibility: Suntax, Employ Florida, Welfare Transition, Connect, OSST and SNAP (the "Verification Process"). If the OJT Team determined that certain individuals were eligible, a Business Services Group recruiter would meet with the job seeker to complete all appropriate and required forms.

Simultaneous with this Verification Process, another group in the Business Services Group referred to as the Centralized Group would enter the Employer Provided List into Employ Florida. Ultimately, staff within the Business Services group would reach out to determine whether the employer had hired some or all of the individuals included on the Employer

Mr. James E. Landsberg
Inspector General
Florida Department of Economic Opportunity
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Provided List. As to all individuals that had been hired, the Centralized Group would code into Employ Florida the hire as a direct placement. The basis for this coding decision was the belief that the eligibility determination / verification process constitutes a “service” extended to all individuals on the Employer Provided List entitling the respective CareerSource to placement credit.

The Ad Hoc Committee reviewed the placement rules contained in CareerSource Florida’s Administrative Policy, Policy No. 99. Based on the placement rules contained in that policy, the Committee is doubtful that the eligibility determination verification process qualifies as a service, and thus should not have been coded as direct placement. However, it appears that the eligibility determination verification process may qualify for credit – and should have been separately coded – as Obtained Employment. Per Administrative Policy 99, we note that credit for Obtained Employment may be claimed for any participant who has received any Wagner-Peyser staff assisted reportable service within the 90 days preceding the job’s start date. Further, according to Section 134C of WIOA, “services provided” is defined as, in part, “determination of whether the individuals are eligible to receive assistance under this subtitle . . .” Per this definition, it seems appropriate that credit as Obtained Employment exists.

Would you please provide DEO’s position on whether the eligibility determination verification process qualifies as service thus leading to an Obtained Employment? Assuming it does, can CareerSource Pinellas and CareerSource Tampa Bay recode the direct placements taken for the Employer Provided List as Obtained Employment? If this does not qualify as Obtained Employment, can you provide direction for CareerSource to remove or withdraw the direct placement credit taken for the Employer Provided List that it coded in Employ Florida?

Thank you for your time and consideration. On behalf of CareerSource Tampa Bay, we look forward to understanding the DEO’s position on these matters.

Sincerely,



Jack J. Geller, Esq.

F. Name	L. Name	Type	Company	Title
Robert	Arnold	Board Treasurer/Finance, Audit Chair	Psicore Consulting	CEO
Tom	Bedwell	One Stop Committee Chair	International Brotherhood of Electrical Workers	Training Director
Jack	Geller	Chairman/ Executive Committee chair	Harper, Kynes, Geller, Greenleaf, P.A.	Business Attorney
Sandy	Ho	Board Member / at large	Great Bay Distributors	Vice President, HR
Karla	Leavelle	Board Secretary/ Workforce Solutions Chair	Human Capital Advisors	Founding Partner
Michael	Mikurak	Chair-Elect/ Compensation Chair	MGM Consulting	CEO
Lenné	Nicklaus	Science Center Chair	Nicklaus of Florida	Vice President
William	Price	Past Board Chair / Ad Hoc Chair	PDR Certified Public Accountants	CPA - President
Patricia	Gerard	Vice Chair	Pinellas County BOCC	Commissioner

2018- Joint CSTB and CSPIN Ad Hoc Committee

F. Name	L. Name	Type	Company	Title
Jack	Geller	CSPIN Board Chair / Executive Committee chair	Harper, Kynes, Geller, Greenleaf, P.A.	Business Attorney
William	Price	CSPIN Past Chair/ Ad Hoc chair	PDR Certified Public Accountants	CPA - President
Patricia	Gerard	CSPIN Vice Chair	Pinellas County Board of County Commissioners	Commissioner
Karla	Leavelle	CSPIN Board Secretary/ Workforce Solutions Chair	Human Capital Advisors	Founding Partner
Thomas	Bedwell	CSPIN One-Stop Committee Chair	International Brotherhood of Electrical Workers	Training Director
Michael	Mikurak	CSPIN Chair-Elect/ Compensation Comm. Chair	MGM Strategic Consulting	CEO
Sean	Butler	CareerSource Tampa Bay Workforce Solutions Chair	BlueGrace Logistics	Chief HR Officer
Shannon	Evans	CareerSource Tampa Bay Chair-Elect	Apex Office Products & Furniture	COO
Randall	King	CareerSource Tampa Bay Board Secretary	International Brotherhood of Electrical Workers Local Union 123	Business Manager/Financial Secretary
Kenneth	Jones	Liaison, Hillsborough Board of County Commissioners -Alternate for Commissioner Murman	Hillsborough County Economic Development	Economic Development Manager
Richard	Peck	CareerSource Tampa Bay Board Chair	QTM	Owner
Sandra	Murman	CareerSource Tampa Bay Vice- Chair	Hillsborough County Board of County Commissioners	Commissioner