

Revised Complaint of  
2018-370

**WHISTLEBLOWER RETALIATION COMPLAINT FORM**  
Pursuant to General Statutes §4-61dd

No. OPH/WBR \_\_\_\_\_  
[to be assigned by OPH]

INSTRUCTIONS: The complainant or her/his authorized representative shall complete and sign this form and then file it in duplicate with the Chief Human Rights Referee, at the address listed above. A complaint must be filed with the Office of Public Hearings (OPH) not later than ninety (90) days after the complainant learns of the specific incident giving rise to this claim (i.e., an adverse personnel action or threat of such action). Once the complaint is filed, the Chief Human Rights Referee will issue a "Notice of Hearing and Initial Conference" scheduling an initial conference.

1. Complainant (employee) Contact Information:	2. Name and Address of Complainant's representative, if any: *
Name - <u>ADAM OSMOND</u>	Juris No. (if representative is an attorney) - _____
Add1 - _____	Name - _____
Add2 - _____	Address 1 - _____
City - _____	Address 2 - _____
State - <u>CT</u> Zip code - _____	City - _____
Tel No. - _____	State - _____ Zip code - _____
Fax No. - _____	Tel No. - _____
Email - _____	Fax No. - _____
	Email - _____

\*(Note: Neither the CHRO nor the Office of Public Hearings provides an attorney for the complainant.)

3. The Respondent (the Complainant's employer) is --  
☒ (a) a State department/agency; ☐ (b) a quasi-public agency (as listed in General Statutes § 1-120)<sup>1</sup>;  
☐ (c) a large state contractor (i.e., an entity that has a contract with a State Department/Agency or quasi-public agency valued at \$5 million dollars or more); or ☐ (d) an appointing authority.

(Check the appropriate box listed above. Under Conn. Gen. Stat. § 4-61dd the Office of Public Hearings has jurisdiction to hear whistleblower retaliation cases file against the entities described in 3(a) through 3(d)

4. Respondent (Employer) Contact Information - Entity against whom you are filing this complaint.

Agency/Contactor - Department of Economic and Community Development  
Addr1 - 450 Columbus Blvd  
Addr2 - \_\_\_\_\_  
City - Hartford State - CT Zip - 06103  
Tel. - 860-500-2300 Fax - \_\_\_\_\_  
Email - Catherine.Smith@ct.gov

5. Complainant's initial date of employment with Respondent. April 2013  
6. Present employment status. Left 12/07/2018 due to ongoing retaliation that I have been getting ever since I filed my whistleblowers.

<sup>1</sup> Conn. Gen. Stat. § 1-120 states, "[a]s used in sections 1-120 to 1-123, inclusive: (1) 'Quasi-public agency' means the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Capital Region Development Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, Health Information Technology Exchange of Connecticut and Connecticut Health Insurance Exchange."  
(Form Revised 7/29/13)

7. You may be protected from adverse personnel actions or threats of adverse personnel actions for your disclosure of information described in Conn. General Statutes §4-61dd(a). CHECKING ALL APPLICABLE CATEGORIES.

A. The complainant's underlying whistleblower disclosure concerned matters involving:

- i. With regard to a state or quasi-public agency: ☒ corruption; ☒ unethical practices; ☒ violation of state, laws/regulations; ☒ mismanagement; ☒ abuse of authority; ☒ gross waste of funds; ☒ danger to the public safety.
- OR
- ii. With regard to a large state contract: ☒ corruption; ☒ violation of state or federal laws/regulations; ☒ gross waste of funds; ☒ abuse of authority; ☒ danger to the public safety.

B. State the name and position of the qualifying person(s) to whom you disclosed such information and the date of such disclosure. (Attach additional page(s) if necessary.)

Please see the attachments

C. Describe the information that you disclosed. (Attach additional page(s) if necessary.)

Please see the attachments

8(A). On what date did you learn about the personnel action(s) threatened or taken against you because of the information you disclosed in 6.C. above? The last date was 12/06/2017

8(B). Briefly describe the personnel action(s) threatened or taken against you. Identify all pertinent dates, locations, and individuals involved. (Attach additional page(s) if necessary)

Please see the attachments

9. If you have filed a complaint/appeal regarding the personnel action(s) in any other forum (for example, in state court, with the Employees Review Board, or through a union grievance), please provide dates and pertinent details and attach a copy of that complaint/appeal.

10. Statement of damages available pursuant to Conn. Gen. Stat. § 4-61dd (For example, reinstatement to former position, back pay, reestablishment of employee benefits, reasonable attorney's fees)

Please see the attachments

11. Signature and Oath of Complainant or Authorized Representative: By signing this form, the complainant states that s/he has read the foregoing complaint and knows the content thereof, that the same is true of her/his own knowledge, and that s/he believes the same to be true.

Signature -

Adam Osmond

Date Signed - 08/14/2013

<sup>2</sup> According to General Statutes §4-61dd(b)(1), the disclosure must be made to one of the following - (i) to an employee of the Auditors of Public Accounts or the Attorney General; (ii) to an employee of the state agency or quasi-public agency that employs the person who retaliated against you or threatened retaliation; (iii) to an employee of a state agency pursuant to a mandated reporter statute; or (iv) in the case of a large state contractor, to an employee of the contracting state agency concerning information involving the large state contract.

## 7 B

- On December 18, 2016, I submitted a whistleblower complaint to: John C. Geragosian, Auditor of Public Accounts through his office's website (online File a Complaint form) as well to his office's email address [wocomplaints@cga.ct.gov](mailto:wocomplaints@cga.ct.gov)
  - On April 18, 2017, I submitted a whistleblower complaint to: John C. Geragosian, Auditor of Public Accounts through his office's website (online File a Complaint form) as well to his office's email address [wocomplaints@cga.ct.gov](mailto:wocomplaints@cga.ct.gov)
  - On August 14, 2017, I submitted a whistleblower complaint to: John C. Geragosian, Auditor of Public Accounts through his office's website (online File a Complaint form) as well to his office's email address [wocomplaints@cga.ct.gov](mailto:wocomplaints@cga.ct.gov)
  - Few occasions in 2017, I was interviewed by Vincent Filippa, Administrative Auditor and Bryne Botticelli, Auditor 1 at our office at Department of Economic and Community Development (DECD) 505 Hudson Street about my whistleblower complaints that I submitted to their office. Joyce Heriot<sup>K</sup> knew these meetings, because I notified her. Email records show the dates of our meetings. I no longer have access to those emails, because I don't work DECD anymore.
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## 7C

### **Copy of whistleblower complaint I submitted to John C. Geragosian on December 18, 2016**

**Name:** Joyce Heriot, Kathy Woodward, Susan Shellard and Catherine Smith

**Agency:** Department of Economic and Community Development

**Agency Address:** 505 Hudson Street Hartford, CT 06106

**Complaint Specifics:** 1. The department has not done reconciliation for ECL with CHIF for a while. No one knows what are the real numbers are. 2. The Department gave out millions to Partners so they can give out loans to businesses, but no one does a reconciliation on what has been giving to the clients vs what they sent back plus the outstanding loans. These are 096 and 095 accounts in Nortridge Loan System (NLS). 3. So many loans with the Partners are delinquent and many of the loans matured, and some of the loans have received so many extensions in NLS without no documents and without signatures from the borrowers and their maturity dates have been changed without documents. Some of the companies that are delinquent have received more than one loan. Some of these loans matured a year or more. The Department doesn't track these loans, and I was ordered by the managements not to include these loans the monthly Aging Report that I prepare. For example one company received \$30,000 with 4% interest, and their last payment was in Feb 2014 and now the company is delinquent over 1,200 days. Furthermore in NLS it shows 0% and we never collected interest from this loan. These same companies also have another loan of \$70,000 and it was supposed to mature in 10/01/2012 but they received extension without documents, and now this loan is delinquent. There are so many loans similar to this, and we don't track them nor do we do reconciliation to see where the money is. The Department receives print out form the Partners but no one does

reconciliation between their numbers and ours. I brought this to the managements many times, and I was just ignored, and I was told not to include the monthly Aging Report. 4. Two different Deputy Commissioners asked me to prepare analysis of the delinquent loans, and the numbers were very high. Close to half of the Small Business Express loans were delinquent more than one month at one point in their loan. Joyce Heriot then told me not to do the monthly chart that shows the history of the Aging Report. Also the Department has been modifying so many loans in order to keep the percentage of the delinquent loans low. Some of these loans have never paid a penny for three years and they received 2 to 3 modifications. 5. Companies that already have two loans and delinquent on their loan has received additional loan. The Financial Review even told the management not to give more money to these companies, but they still received the additional loan, and only made current their other loans once they received the new money. It looks like they paid the department from the new loan. Company one (I will provide you the name if you need it) received \$250,000 in loan and \$100,000 in grant and the loan was delinquent more than a year. This same company again received another loan of \$50,000 and that loan also became delinquent. They also received three modifications for these two loans and got deferral of payments, but then this year they got another loan of \$250,000. The Financial Review unit even told the managements not to fund this company. Furthermore when I reported that the company were in the delinquent report so many times, I was called in a meeting by Joyce Heriot and Susan Shellard and they told me this was not my duty, yet again I'm the only person who prepares the monthly Delinquent Report. Company two received \$255,000 in loan and \$100,000 in grant in 2012 and the loan became delinquent. They also received another \$500,000 which also became delinquent, then again while they were delinquent on both loans they received another loan last month, and on the same day they received the new loan they brought in a check that paid only part the amount they were delinquent, and then finally this week they brought their old loans current. It seems that they paid the State back the delinquent amount from the new loan. Again I reported the management that the company was delinquent on their old loans way before they got the new loan, but the Department gave them the money anyway. Another company has been delinquent on so many times, and never paid one penny since they received the loan in 2013. They also received few modifications that gave them deferral of payments, and when I questioned this in one of our meeting I was told that the Commissioner approved this and that is where she goes for Yoga. Another company have been delinquent so many times, yet the Department didn't want to default them, because the company also had issue with DSS, and the management don't want this to go out. 6. Earlier I filed a complaint with your office about the Partners receiving excessive fee for the loans they managed which I found out about it after I was asked to do analysis. Ever since then the managements have been retaliating against me and my work assignment has been changed. Recently one of the managers asked me to do another analysis of new money the Partners were receiving to see what their future expenditures will be. Joyce Heriot, Fiscal Manager then asked me to send all the analysis I did before. After I gave the information both her and Kathy Woodward, Supervising Accountant realized they didn't know how to do the analysis, and the Department then asked one of the Partner's employees to do the analysis for them. That employee who is not DECD employee used my old numbers which was more than a year old instead of recalculating and using actual numbers to find out what the real cost to the Department will be. I was shocked that the Department has to rely none DECD employee to do

the analysis when in fact I can do it, and even did it before. 7. Little while ago Kathy Woodward told me to correct the 360/ACT loans to show that we started the correction of these loans, and recently both her and Joyce Heriot told me in a meeting that they will push back the Auditors finding and blame the way the Promissory Note is written. Both knew for a long time that the Promissory Notes are correct but the way the Department setup the loans were incorrect. I have told them about this issue long time ago way before I filed my prior complaint with your office. As of today, besides three loans none of them were corrected and the Department wants to waive all the additional interest instead of collecting it from the borrowers.

Witnessed?:

Swear?:

Other Witnesses:

Name: Adam Osmond

Contact Info:

Email: [REDACTED]

### **Copy of whistleblower complaint I submitted to John C. Geragosian on April 18, 2017**

Name of Person involved in waste, abuse or fraud: Joyce Heriot, Kathy Woodward, Susan Shellard and Catherine Smith

Name of Agency or Large State Contractor involved in waste, abuse or fraud: Department of Economic and Community Development 505 Hudson Street Hartford, CT 06106

Description of specifics concerning complaint (include who, when, where, what, how and how much):

1. The Department is modifying so many loans in order to lower the delinquency rate. Also some of the loans received multi modification. Furthermore the management told me to stop the reports that I used to do which showed the management the increase or the decrease of the companies that are delinquent when they saw the numbers are going up. Even the Department was considering to give loan modification to Amoun Pita which has been in the news lately when the Department knew that the company used fake CPA letters to get loans. Another company Newton the department knew that the company spent the grant money illegally, but decided not to go after them, and even gave them modification in their loan which has been delinquent more than a year.

2. Companies that are delinquent their loans are receiving new loans, and then paying back the past due amount from the old loans in order to become current on their old loans. Here are few of them.

a) Yumi received a loan in 2012 for \$250,000. This loan became delinquent and received multi modifications, and then they received another loan in 2015 for \$50,000, and then another loan in 2016 for \$250,000

b) CPR received a loan in 2012 for \$100,000, and this loan became delinquent and received 4 modifications. The Department recommended a consultant to them in order to help out the company. I don't believe the Department has contract with this consultant and he knows some of the management which is how he gets the recommendation. CPR then told the Department that the consultant cleaned out their bank account. The Department then gave this company another \$100,000 loan in 2017.

c). CT Casket received a loan in 2012 for \$250,000. This loan became delinquent. Then they received another loan in 2014 for \$500,000. This loan also became delinquent. Then they received another loan in 2016 for \$500,000

d) Genesys received a loan in 2012 for \$150,000. This loan became delinquent for more than 6 months. While the loan is delinquent the company received another loan for \$500,000 in 2017.

This is just few samples. When I told the management about companies that are delinquent receiving new loans I was told not to say anything, because it is not my job responsibility. Yet I'm the only person prepares the delinquency report so it is my job duty. Also one of the employees who examine the company financial records before getting the loan told the Department some of these companies should not receive the loan because all they are doing is paying the old loans with the new money from the department.

3. There are so many loans that have been setup the wrong way where the interest was not being calculated the correct way. I have been telling the management this issue over 3 years after I discovered the errors. These are huge errors that need serious attention, because some of the mortgages was not being compounded. There are over 100 loans this way, and it could be lot more than that. The entire portfolio need to be examined especially the mortgages. The Department has tried to find a ways to write this interest off. Finally I was told to correct the errors after the most recent audit finding for another issue with 360 days. The first 11 loans that I corrected were charged around \$21 million less in interest. This means just in these 11 loans the state will earn more than \$21 million in interest that was never charged these companies. For example one mortgage for \$6 million with 7% interest was supposed to be compounded annually, but it was never done that way, but the management certified that it was compounded when it was not. After I corrected this loan the company will pay additional interest of around \$18 million. Again in just one loan the correction I made will results additional \$18 million in interest and that is just one loan, and there are so many loans like this. There are so many other issue within the loan unit that needs serious attention and I will be glad to discuss with you. Especially the Small Business Express loans has serious delinquency rate that needs attention instead of modifications.

Feel free to contact me if you need more information. Thank you

How did this issue come to your attention? I work in the loan unit, and I do all the delinquency reports and setup new loans. Adam Osmond

**Copy of whistleblower complaint I submitted to John C. Geragosian on August 14, 2017**

Thank you. Your submission has been sent. Please print and/or save this page for your records.

Name: Varies people including the Commissioner, former and current Deputy Commissioners at DECD

Agency: Department of Economic and Community Development

Agency Address: 505 Hudson Street Hartford, CT 06106

Complaint Specifics:

1. 10/04/2012 Newton-Foster Home Care Agency, LLC received \$150,000 loan to create jobs with no forgiveness.
2. 12/06/2013 the Department did an audit on how the loan was spent, and the Department found out that \$92,799.46 in expenditures have been found to be illegible and was spent outside of the contract the company entered with the Department.
3. 12/11/2013 the Department sent a letter to the company stating "It was determined that \$92,799.56 was not related to the project or did not have sufficient documentation to support the expenditures as being project related"
4. 01/09/2014 the Department sent a bill to Newton-Foster asking back the \$92,799.56 that was spent outside of the contract. The company never paid the bill.
5. Payment of the loan was supposed to start on 11/01/2014. As of today the company never paid back a penny, and the loan has been delinquent for so long.
6. Unlike other delinquent companies the Department decided not to default the company, and not to send it to the AG, because the company had other issues with DSS, and DECD didn't want the AG to find out about the company being delinquent.
7. 01/12/2015 the Department send email to the company warning that their loan was in "serious delinquent"
8. 01/20/2015 then all of a sudden the former DECD Deputy Commissioner told and employee to send email to Newton-Foster and tell them their entire loan was converted to grant, and there are no payments required to make including all the interest that was accumulated over the years was forgiving according to the email.
9. 01/20/2015 I questioned how come the entire loan was forgiving, and that I would need documentations. I also reminded them that the Deputy Commissioner don't have the power to forgive loan.
10. 01/21/2015 Newton-Foster sent email to the Department thanking for the forgiveness.
11. Once the Department found out that they couldn't forgive the loan, they kept it in the book, but didn't send it to the AG unlike other loans that are in default.
12. 06/30/2015 Newton-Foster sent email to the Department requesting 1099 form for the their loan that was forgiving.
13. 07/30/2015 The Department sent email to Newton-Foster telling the company that the loan was not forgiving, and the Department is working to extend the deferral period of the loan. One of the managers also told Newton-Foster that Deputy Commissioner Angelo doesn't have the power to turn loan in to grant.
14. 08/03/2015 Newton-Foster sent email to the Department that was also cc'ed State Senator

Toni Walker, State Rep. Juan Candelaria, New Haven Mayor Harp and others. In the email the company again was requesting 1099 for the loan that was forgiving by the email they received 01/20/2015. I was told that the owner of the company is the sister of former State senator of Bridgeport and she cc'ed the politicians to pressure the Department.

15. The Department still kept the loan in the books, and no modification was done, and by 2017 there was still no payment made in the loan.

16. 08/18/2016 the Department issued a loan modification forgiving 77,206.44 on this date; due to the job creation they did back 2016 for 38 full time employees. There are questions on how these 38 jobs were counted. This job creation forgiveness was never part of the contract the Department entered with the company when they got the loan back in 2012. Also the Department told the company that the balance of the loan of \$72,793.56 will be forgiving on 01/31/2018 if the company creates more jobs. Furthermore the Department forgave the entire interest that accumulated since 2012 which we reported in GAAP every year. The loan was also changed to 0% interest till the balance is forgiving in Jan 2018. Basically since the Department could not forgive the loan per Mr. Angelo's email so the Department did a creative way to forgive the loan, and take it off the book. Also this is the only company that received 100% forgiveness of their loan. None of the other 800+ Small Business Express ever received 100% forgiveness in their loan. Plus this is the only company that received 0% interest for the entire time of the loan for Small Business Express. Clearly this was done to take the loan off the book, so the company doesn't have to pay back a penny, including the \$92,799.56 bill that was outstanding.

17. 08/08/2017 Newton-Foster Home Care Agency, LLC received another loan of \$150,000 with no payments for the first year, and interest only for the second year and then 8 years of principal and interest. I also want to add there are too many bad loans that being kept in the books in order to avoid the Department having higher delinquency rate.

Witnessed?:

Swear?:

Other Witnesses:

Name: Adam H. Osmond

Contact Info:

Email: [REDACTED]

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## **Answer to Section 8(B)**

Catherine Smith and Joyce Heriot lowered my service rating on 12/06/2017 compare to Sept 2015 when I received excellent and superior rating in all categories. The 2015 Service Rating was before I filled complaints through CHRO and State Auditors Whistleblower. Prior to 2015, and all time employed at DECD, I received Excellent or superior rating every year from Joyce Heriot, Catherine Smith and others. Furthermore, by State contract with our Union I was supposed to receive my Service Rating no later than Sept 30, 2017, but Mrs. Heriot and Commissioner Smith first decided not to give me a rating at all, and I believe only acted when they found out I was leaving the Department on Dec 2017. My last day of work was 12/7/2017, and I received the Service Rating on 12/06/2017.



Just few weeks before Dec 2017, I was told that Joyce was notified by the Union that giving Service Rating after Sept 30, 2017 was in violation of the Union contract, but she and Commissioner Smith still decided to punish me one more last time and lowered my Service Rating compare to Sept 2015. For example in the section Quantity of Work in Sept, 2015 I received Excellent which is the highest rating possible, but on 12/06/2017 they gave me Satisfactory which is two levels lower than Excellent, but during this time every category of my work increased in high percentage, so there is no logical explanation why I would receive lower rating compare to the Sept, 2015 except that it is direct retaliation due to my Whistleblower complaint. Mrs. Heriot and Commissioner Smith decided to give me this lower rating knowing that almost every agency requires submitting your last two Service rating when applying a position. I believe Mrs. Heriot and Commissioner Smith wanted to make sure that I don't get promotions in the future through other State agencies, so they went ahead and gave me the lower rating in my last day at work.

Adam Osmond

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## 10

I would like DECD to remove my last two Service rating from my personal record and redo them to equivalence to my Service Rating I received in 2015 which was before my whistleblower complaints, because my work quality and quantity has improved since 2015. Below is my rating in 2015.

- a. Quality of work = Excellent
- b. Quantity of work = Excellent
- c. Dependability = Superior
- d. Ability to deal with people = Superior

Date Signed: 08/14/2018  
Name: Adam Osmond  
Signature: [Signature]

On this, the 14<sup>th</sup> day of August, 2018 Farmington, CT

Notary Public: [Signature] Ana S. Boisvert

My Commission Expires: 01/31/2021