

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: August 24, 2017 Special Board Meeting
Date: August 16, 2017

I. Background

1. Harold Knowles, managing shareholder of the Knowles Randolph law firm, was indicted on multiple federal charges.
2. A summary from the Department of Justice website is below. A copy of the indictment is attached.
3. The HFA engaged Knowles Randolph as its General Counsel, approving a contract with Knowles Randolph at the November 10, 2016 meeting. A copy of the contract between the HFA and Knowles Randolph is attached.

II. Present Situation

1. Chairman Rogers has called a Special Meeting of the HFA to discuss the Knowles Randolph law firm and to discuss and potentially take actions related to the existing contract with that firm.
2. The contract states in Section 14:
Termination. Notwithstanding the provisions set forth in paragraph 3, the Authority may terminate this Agreement without cause, by giving the Firm thirty (30) days written notice of termination. Either party may terminate this Agreement for cause by giving the other party hereto thirty (30) days written notice of termination. The Authority shall not be required to give the Firm such thirty (30) day written notice if, in the opinion of the Authority, the Firm is unable to perform its obligations hereunder, or if in the Authority's opinion, the services being provided are not satisfactory. In such case, the Authority may immediately terminate the Agreement by mailing a notice of termination to the Firm.
3. The contract may be terminated without cause by the HFA with 30 days notice.
4. There is no requirement to determine Mr. Knowles' guilt or innocence; in fact, the HFA is not in a position to make that legal determination.
5. The Administrator emailed Dawn Whitehurst of Knowles Randolph and asked, "Does your firm have any information on the current situation that you would like to communicate to the Housing Finance Authority and its Board Members?" Ms. Whitehurst communicated with Chairman Rogers and asked to be able to address the Board at a Special Meeting.

III. Recommendation: Consider termination of the contract with Knowles Randolph under the provisions of Section 14 of the contract with that firm.

From <https://www.justice.gov/usao-mdga/pr/public-corruption-indictment-returned-bribery-former-bibb-county-school-district>

The United States Attorney for the Middle District of Georgia, G. F. Peterman, III, announced that an indictment was unsealed today charging:

1. Cliffard Whitby, age 54, Forsyth, Georgia:

- Conspiracy to Pay a Bribe to an Agent of an Organization Receiving Federal Funds;
- Five (5) Counts of Paying a Bribe to an Agent of an Organization Receiving Federal Funds; and
- Conspiracy to Launder the Proceeds of Unlawful Activity

2. Harold Knowles, age 69, Tallahassee, Florida:

- Conspiracy to Pay a Bribe to an Agent of an Organization Receiving Federal Funds;
- Paying a Bribe to an Agent of an Organization Receiving Federal Funds;
- Offering to Pay a Bribe to an Agent of an Organization Receiving Federal Funds; and
- Conspiracy to Launder the Proceeds of Unlawful Activity

3. Central Georgia Partnership for Individual and Community Development, Macon, Georgia:

- Conspiracy to Launder the Proceeds of Unlawful Activity

4. Positiventures Initiative, LLC, Macon, Georgia:

- Conspiracy to Launder the Proceeds of Unlawful Activity

Mr. Whitby was arrested this morning and he is scheduled to make his initial appearance in the United States District Court in Macon this afternoon.

Mr. Knowles was arrested this morning and he is scheduled to make his initial appearance in federal court in Florida this afternoon.

The statutory maximum sentence in federal prison authorized for the bribe conspiracy is five years, for the substantive bribery counts is ten years, and for the money laundering conspiracy is twenty years. The money laundering conspiracy carries a maximum fine of \$500,000.00 or twice the value of the property involved in the transaction, whichever is greater. The other charges carry a maximum possible fine of \$250,000.00 each.

A copy of the indictment is attached. The indictment is only an allegation of criminal conduct. Each person is presumed innocent until and unless proven guilty in a court of law.

This case was investigated by the Federal Bureau of Investigation and Internal Revenue Service. Assistant U.S. Attorneys Beth Howard and Danial Bennett are prosecuting the case for the Government with participation and cooperation of Special Assistant U.S. Attorney David McLaughlin from the Georgia Office of the Attorney General.