

City of Detroit Office of Inspector General

Debarment Matter

OIG Case No. 2016-0071

May 7, 2019



Ellen Ha, ESQ.

INSPECTOR GENERAL

CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL

I. Final Recommendation

On March 1, 2019, the Office of Inspector General (OIG) held an administrative hearing for Computech Corporation (Computech). The purpose of the hearing was to provide Computech an opportunity to present evidence, testimony, and any supporting information in response to the OIG's preliminary finding that Computech and Ram Kancharla have not acted as responsible contractors and should each be debarred for twenty (20) years. After reviewing all evidence and conducting an administrative hearing, the OIG's final recommendation is as follows:

- The initial recommendation that Computech be debarred for twenty (20) years be **AMENDED**.
- The OIG recommends that Computech be debarred for ten (10) years with an effective date of September 30, 2016.
- The initial recommendation that Ram Kancharla be debarred for twenty (20) years be **SUSTAINED**

II. Complaint

On September 28, 2016, the Office of Inspector General (OIG) received a complaint from the City of Detroit Law Department. The letter stated that on April 8, 2016, former Deputy Director of the City of Detroit's Department of Information Technology Services (DoIT), Charles L. Dodd, Jr., entered into a plea agreement with the Public Integrity Section of the United States Department of Justice for the crime of Federal Program Bribery. He subsequently pled guilty on September 27, 2016. Mr. Dodd admitted to soliciting and accepting cash payments totaling more than \$6,000 from Ram Kancharla, CEO of Computech Corporation (Computech), a contractor that provided information technology services and personnel to the City of Detroit. It was requested that the OIG investigate both the conduct of Mr. Dodd as well as Computech.

The OIG investigation was placed on hold due to the ongoing criminal investigation. On September 14, 2018, the OIG reopened its file after Charles Dodd was sentenced to twenty (20) months in US District Court. Therefore, on September 17, 2018, the OIG sent Mr. Kancharla and Computech a letter informing them that the OIG was proposing they be debarred for the maximum allowed period of twenty (20) years pursuant to the City's Debarment Ordinance.

III. Computech Overview

a. Company Information

Computech provides information technology (IT) and consulting services to various clients, including software building and staffing.¹ It previously contracted with the City of Detroit to provide technology resources, including staffing, in support of technology related projects for DoIT as well as for other city agencies.²

Gregory Cheesewright is the current CEO of Computech. He joined the company in 2006 as the President of Global Operations. On June 23, 2017, he became the CEO.³ According to Computech's most recent Organization Chart, the Executive Board is comprised as follows:⁴

- CEO- Gregory Cheesewright
- President- Sachin Shriyan
- Executive Vice President- Albert Fields
- Vice President Finance & Operations- Ramesh Tavva
- Vice President Cloud Computing- Pardeep Sidhu
- Vice President Strategic Development- Brian Koehl
- Manager Customer Relations- Claire Phillips

At the time the bribery of Mr. Dodd, Ram Kancharla was the CEO and Mr. Cheesewright was the President of Global Operations for the company. According to Computech's June 22, 2016 Organization Chart the Executive Board was comprised as follows:

- CEO- Ram Kancharla
- President Global Operations- Gregory Cheesewright
- Vice President Strategic Accounts- Sachin Shriyan
- Manager Strategic Accounts- Ayyappa Puranam
- Executive Vice President- Albert Fields
- Vice President Finance & Operations- Ramesh Tavva

b. Contract with City of Detroit

The City of Detroit has had various contracts with Computech to provide technical resources to various city agencies to assist with their technology initiatives. Most recently, the City of Detroit entered into Contract No. 2896736 with Computech. It was for Computech to provide technology resources in support of information technology related to projects for the City Information Technology Services Department as well as other city agencies.⁵ The contract began on October 1, 2014 and terminated on September 30, 2016, with two (2), one-year renewal options. The contract amount was not to exceed \$3,775,500.⁶

¹ Transcript of Administrative Hearing at 10, 21, In the Matter of: OIG Case No. 2016-0071 Debarment Matter, dated March 1, 2019.

² 2014-2016 Technical Resource Contract No. 2896736 between the City of Detroit Information Technology Services Department and Computech Corporation, Exhibit A: Scope of Services, pg. 30.

³ Transcript of Administrative Hearing at 87.

⁴ Computech Corporation Organization Chart, June 24, 2018.

⁵ Contract No. 2896736, Exhibit A, Scope of Services, pg. 30.

⁶ Contract No. 2896736, Article 7. Compensation. 7.01, pg. 10

Shortly after Mr. Dodd's plea agreement, on September 30, 2016, Office of Contracting and Procurement (OCP) Chief Procurement Officer, Boysie Jackson, notified Mr. Kancharla and Computech General Manager Ramesh Tavva that Contract No. 2896736 would not be extended. However, pursuant to Section III of Exhibit A of the contract, "Retention of Contractor's Employees at Termination," OCP exercised its option to retain the employees provided by Computech, who were working with the City at the time.

IV. Indictment and Guilty Pleas

a. Charles L. Dodd, Jr.

On September 27, 2016, Mr. Dodd pleaded guilty in the U.S. District Court for the Eastern District of Michigan to one count of federal program bribery.⁷ On September 11, 2018, he was sentenced to twenty (20) months in prison, to be followed by two (2) years of supervised release, for accepting more than \$29,500 in bribe payments from two IT companies providing services and personnel to the City of Detroit.

According to admissions made in connection with his plea, Mr. Dodd held numerous supervisory positions with the City of Detroit, including his appointment as Director of DoIT in 2014. Mr. Dodd exercised supervisory authority over a staff of dozens of public servants and contractors. He also held significant influence over the administration of multi-million dollar contracts between the City of Detroit and private IT companies.⁸

According to Mr. Dodd's Plea Agreement⁹ and the Government Sentencing Memorandum,¹⁰ he solicited and accepted cash totaling more than \$8,000 from Computech CEO Ram Kancharla and Computech employee Karthik Aramugum. In exchange for cash payments, Mr. Dodd advised other city officials to select particular personnel from Computech to fill open IT positions. He also recommended that city departments select Computech to implement lucrative technological projects.

b. Ram Kancharla

On June 28, 2017, Computech CEO Ram Kancharla pleaded guilty to tampering with documents in violation of 18 U.S.C. §1512(c). On September 10, 2010, a federal grand jury in the United States District Court for the Eastern District of Michigan issued a subpoena to Computech for the production of certain records and documents, including financial records and

⁷ Department of Justice, U.S. Attorney's Office Eastern District of Michigan (2016, September 27). *Former Director of Detroit Office of Departmental Technology Services Pleads Guilty to Bribery* [Press Release]. Retrieved from <https://www.justice.gov/opa/pr/former-director-detroit-office-departmental-technology-services-pleads-guilty-bribery>

⁸ Department of Justice, U.S. Attorney's Office Eastern District of Michigan (2018, September 11). *Former Director of Detroit Technology Office Sentenced to Prison for Bribery* [Press Release]. Retrieved from <https://www.justice.gov/opa/pr/former-director-detroit-technology-office-sentenced-prison-bribery>

⁹ Plea Agreement as to Charles L. Dodd Jr., United States of America v. Charles L. Dodd Jr., Case No. 2:16-cr-20629 (E.D. Mich. September 27, 2016).

¹⁰ Government Sentencing Memorandum as to Charles L. Dodd Jr., United States of America v. Charles L. Dodd Jr. Case No. 2:16-cr-20629 (E.D. Mich. August 28, 2018).

expense reports, for Computech and for its specific employees. Mr. Kancharla admitted he knowingly authorized Computech employee Karthik Aramugum to alter certain documents responsive to the subpoena. Specifically, Mr. Kancharla authorized the alteration of certain expense reports and calendar entries with corrupt intent. On October 7, 2010, Computech, through its counsel, produced the altered documents in response to the grand jury subpoena. The altered documents were related to the bribery of Mr. Dodd.

V. Atlanta

The bribery of Mr. Dodd was not an isolated incident by Computech CEO Ram Kancharla and Computech employee Karthik Aramugum. Prior to the criminal activity occurring in Detroit, both individuals engaged in bribery of an Atlanta public servant. Though the bribery in Atlanta is not related to the bribery in Detroit, the Atlanta incident plays a significant role in the OIG's determination pertaining to debarment. The facts of the bribery in Atlanta is detailed below.

In January 2007, the Atlanta Public Schools (APS) issued a Request for Proposal (RFP) for a data warehousing project.¹¹ Mr. Kancharla and Mr. Aramugum paid kickbacks to Jerome Oberlton, APS Chief Information Officer (CIO), with the assistance of Mahendra Patel, who acted as an intermediary. The conspiracy was launched in April 2006 when Mr. Oberlton and Mr. Patel traveled to Detroit to meet with Mr. Kancharla and Mr. Aramugum.¹² These individuals devised a scheme whereby Computech would bid on the APS data warehousing project using inflated hourly costs for contractors working on the project.¹³ Mr. Oberlton, in his role as CIO, ensured that Computech was awarded the project. Once the project was awarded to Computech and it started to receive funds from APS, Mr. Oberlton and Mr. Patel were paid a percentage of the data warehousing project in a side deal.¹⁴ Mr. Oberlton and Mr. Patel pleaded guilty to their roles in scheme.

VI. Administrative Hearing

On October 10, 2016, the OIG sent a letter to Computech's attorneys to inform them that on September 28, 2016, the OIG initiated an investigation into the circumstances surrounding the September 27, 2016 guilty plea of Mr. Dodd. The letter specified the basis of the OIG investigation was Mr. Dodd's admission to accepting more than \$29,500 in unlawful payments from two (2) information technology companies providing services and personnel to the City of Detroit, one of those companies being Computech.

¹¹ Department of Justice, U.S. Attorney's Northern District of Georgia (2016, August 13). *Former Consultant Pleads Guilty to His Role in Atlanta Public Schools Kickback Scheme* [Press Release]. Retrieved from <https://www.justice.gov/usao-ndga/pr/former-consultant-pleads-guilty-his-role-atlanta-public-schools-kickback-scheme-0>

¹² *Id.*

¹³ Transcript of Change of Plea Proceedings at to Mahendra Patel, United States of America v. Mahendra Patel Case No. 1:13-cr-00221 (2013 August 16).

¹⁴ *Id.*

The OIG investigation was subsequently placed on hold due to the ongoing federal investigation. On September 14, 2018, the OIG reopened the case after Mr. Dodd was sentenced. Based on the evidence gathered by the OIG, we found that Computech is not a responsible contractor. Therefore, we advised Computech and Mr. Kancharla's attorneys that the OIG is recommending discipline up to and including debarment.

On November 9, 2018, the OIG offered Mr. Kancharla and Computech the opportunity to have an administrative hearing to present evidence and testimony in response to the OIG findings. Section 7.5-311 of the Charter provides that "[n]o report or recommendation that criticizes an official act shall be announced until every agency or person affected is allowed a reasonable opportunity to be heard at a hearing with the aid of counsel."

a. Ram Kancharla

On November 20, 2018, Mr. Kancharla's attorney sent a letter to the OIG declining the offer to participate in an administrative hearing. However, in considering the period of debarment for Mr. Kancharla, the attorney requested that the OIG consider the following factors in our recommendation of debarment.

- The actions that led to Mr. Kancharla's criminal conviction occurred over eight (8) years ago, with no subsequent violation of the law.
- Mr. Kancharla voluntarily surrendered all positions of authority at Computech, after his cooperation with the government was completed.
- Mr. Kancharla and his family have done many positive things in and for the City of Detroit and its residents.

The OIG considered the factors put forth by Mr. Kancharla's attorney. Upon review and consider his egregious actions, the OIG finds that a twenty (20) year period of debarment is appropriate.

b. Computech

On November 20, 2018, Computech's attorneys requested an administrative hearing. The hearing was held on March 1, 2019. Computech was asked to provide the OIG: (1) details of the bribery that occurred in Atlanta including but not limited to Ram Kancharla's and any other employees' involvement as well as the steps Computech took to prevent such conduct in the future; (2) details on any Computech employees terminated due to bribery; (3) information on Ram Kancharla's role as an independent contractor including but not limited to his duties and contract details; (4) information on any other City of Detroit employee or elected official who either participated in or requested bribes from Computech; and (5) details of Mr. Kancharla's cooperation with the federal government including but not limited to what precipitated Computech to "fully and extensively" cooperate in the federal investigation.

Computech CEO Gregory Cheesewright testified on behalf of Computech. On March 6, 2019, OIG sent a request to Computech's attorneys for additional documentation which was discussed at the administrative hearing. Thereafter, in accordance with our request, Computech provided the additional requested information on March 19 and March 28. It is important to note that, at all times during the investigation, Computech was fully cooperative with the OIG.

VII. Debarment Analysis

Debarment is reserved for city contractors who have been found to have engaged in improper, unethical, or illegal conduct related to their contractual agreement with the City of Detroit. The purpose of the Debarment Ordinance is to ensure that the City of Detroit solicits offers from, awards contracts to, consents to subcontracts with, or otherwise does business with responsible contractors only. Debarment is to be imposed only when it is in the public interest.¹⁵ There is no statute of limitations on investigations, findings of violation of the debarment policy or the initiation of debarment proceedings.¹⁶

The OIG's initial findings regarding Computech not being a responsible contractor was based on Ram Kancharla's and Computech's conduct, through Ram Kancharla, in both Atlanta and Detroit. At the administrative hearing, Computech attorney George Donnini stated that "the bribery that you talk about is all pre-2009" and that "we need to obviously look to the past, but in our opinion this proceeding is not about punishing for past behavior, it's about the future and the present responsibility of Computech under new leadership."¹⁷

Mr. Donnini is accurate in noting that much of Mr. Kancharla's misconduct occurred several years ago. The bribery in Atlanta was in January 2007 and the bribery involving Mr. Dodd was in 2009.¹⁸ The OIG also now recognizes that the payments made to Mr. Dodd after 2009 were part of Mr. Kancharla's cooperation with the government. While the OIG acknowledges that the actions in question occurred several years ago, it is necessary to note that Mr. Kancharla's cooperation with the government began only after he was caught producing altering documentation in response to a federal grand jury subpoena, a very serious offense involving intentional fraud. Additionally, no one at the City of Detroit was made aware of Mr. Kancharla and Mr. Dodd's actions until October of 2016. Despite our serious concerns regarding Mr. Kancharla and Computech's abilities to act as responsible contractors at the time, the OIG was asked to put our investigation on hold until the federal investigation was completed.

The OIG is in agreement with Mr. Donnini that Mr. Kancharla and Computech's past behavior must be considered with their present and future behavior. The OIG acknowledges and applauds Computech's proactive approach to strengthening its corporate policies and procedures as well as making some leadership changes in an effort to prevent such improper, unethical, and illegal conduct from occurring again. However, based on the evidence presented, the OIG finds

¹⁵ Debarment Ordinance, Section 18-11-1. Purpose.

¹⁶ Debarment Ordinance, Section 18-11-5(c). Grounds for Debarment.

¹⁷ Transcript of Administrative Hearing at 6.

¹⁸ *Id.* at 8.

that Computech has not done enough to fully alleviate our concerns about their ability to act as responsible contractors.

During the administrative hearing, Computech CEO Gregory Cheesewright stated that what Mr. Kancharla did was contrary to his duties as the CEO as well as the company's policies at the time. Mr. Cheesewright argued that Mr. Kancharla's actions should not be attributed to the company even though he was CEO of Computech during the time the improper, unethical, and illegal conduct occurred.¹⁹

Changes in Computech's Company Culture and Leadership

In support of his argument, Mr. Cheesewright described Computech's company culture at the time the bribery occurred. According to Mr. Cheesewright, fostered an atmosphere where people in the company were competing with one another to be Mr. Kancharla's "right-hand man."²⁰ individuals "would literally not even like each other" if they knew someone was outperforming them.²¹ Mr. Cheesewright explained that individuals were allowed to work in "silos" so employees did not know what was going on within the company.²² This created a situation where people were in competition with each other to get ahead.²³

Mr. Cheesewright explained that this culture of "silos" was so pervasive that he knew nothing of the bribery until Mr. Kancharla showed him an organization chart that had Mr. Cheesewright listed as the CEO.²⁴ Mr. Cheesewright also claimed the people he has "working at the headquarters" and his president had nothing to do with the improper, unethical, and illegal conduct.²⁵ However, the people working at Computech, especially those in leadership, have remained largely unchanged since the improper conduct occurred.

As the chart below indicates, six (6) individuals who were on the organization chart in 2015 remained in the executive positions in 2018. This includes Gregory Cheesewright and Sachin Shrivani who presumably lead Computech as the CEO and president.

¹⁹ *Id.* at 10.

²⁰ *Id.* at 15.

²¹ *Id.* at 15-16.

²² *Id.* at 17.

²³ *Id.* at 21.

²⁴ *Id.* at 45.

²⁵ *Id.* at 51.

Officer	Organization Chart- February 16, 2015	Organization Chart- October 24, 2018
Chief Executive Officer	Ram Kancharla	Gregory Cheesewright
President Global Operations	Gregory Cheesewright	
President	Sachin Shrivastava	Sachin Shrivastava
Vice President, Finance & Operations	Ramesh Tavva	Ramesh Tavva
Executive Vice President	Albert Fields	Albert Fields
Vice President, Banking & Finance	Girish Nair	
Vice President Cloud Computing		Pardeep Sidhu
Project Manager-Technology Support	Pardeep Sidhu	
Vice President Strategic Development		Brian Koehl
Business Development Manager	Brian Koehl ²⁶	
Manager Customer Relations		Claire Phillips

Mr. Cheesewright indicated that he is working to change the culture of Computech and we have no reason not to believe him based on his testimony and evidence presented to the OIG. He stated he is working to create a more open environment in which employees do not work in silos but, instead, work more cooperatively with each other. However, this process takes time. Many of the individuals who were part of the executive management team under Mr. Kancharla are in the same or similar positions under Mr. Cheesewright. These are the same individuals who worked in “silos” according to Mr. Cheesewright. While a cultural shift may be occurring under Mr. Cheesewright’s leadership, the OIG believes that it is not currently in the best interest of the City of Detroit or its citizens to work with a contractor whose leadership is largely the same as when the bribery of public officials occurred.

Changes in Computech’s Ownership

In addition to few changes being made to the leadership of Computech, the ownership of Computech remains largely unchanged. Therefore, those who benefited from Mr. Kancharla’s bribery of public officials could continue to benefit from any contracts awarded by the City of Detroit. The ownership of Computech during the time the improper, unethical, and illegal conduct occurred versus how it exists today is detailed below:

²⁶ These individuals were on the February 16, 2015 organization chart but were not listed at the executive members. However, the October 24, 2018 has these employees listed as executive members.

Shareholder Name	Original Percentage Owned	Current Percentage Owned
Mrs. Ramadevi Davarapalli	36.10%	36.10%
Mrs. Sreevani Kancharla ²⁷	19.30%	24.93%
Trust for Mr. Sunil Kancharla	12.47%	12.47%
Trust for Mr. Sai Krishna Kancharla	12.47%	12.47%
Mr. Venkat Davarapalli	8.75%	8.75%
Mr. Ram Kancharla	5.63%	0.00%
Trust for Ms. Nidhi Sri Davarapalli	2.51%	2.51%
Trust for Ms. Nitya Sri Davarapalli	2.51%	2.51%
Mr. Srini Donepudi	0.27%	0.27%
Total	100%	100%

On January 1, 2017, Mr. Kancharla divested his ownership interest in Computech to his wife, Sreevani Kancharla. As to his children, Sunil Kancharla and Sai Krishna Kancharla, their shares remain unchanged. On March 31, 2017, Mr. Kancharla resigned from his management positions at Computech.

Despite Mr. Kancharla relinquishing his management positions and transferring his shares, the evidence suggests Mr. Kancharla continued to work for Computech since the bribery allegations came to light in October 2017. Moreover, Mr. Kancharla's wife and children continue to hold just short of 50% (49.87% to be exact) of Computech's ownership.

Mrs. Kancharla also sits on the Board which consists of the same individuals who have ownership interest in Computech.²⁸ Mr. Cheesewright stated during the administrative hearing that owners do not make any business decisions. However, they receive profits at the end of the year.²⁹ Therefore, Mr. Kancharla, through his wife, continues to benefit from the success of Computech.

Computech's Board of Directors

On March 26, 2019, the Board passed *the Computech Corporation Written Consent Resolutions of the Board of Directors* which

resolved that the net profit realized by the corporation during any calendar year from any contract awarded to the corporation by Detroit over the next five (5) years shall be segregated from funds otherwise available for distribution to the stockholders of the corporation, and shall be used to fund bonuses to be paid to the

²⁷ The January 1, 2017 assignment of Mr. Kancharla's shares to his wife has her name spelled as "Sreevani." However, Computech Corporation Ownership Information provided by Computech's attorneys to the OIG has her name spelled as "Srivani."

²⁸ Transcript of Administrative Hearing at 107.

²⁹ *Id.* at 112.

persons holding (as of December 31 of such calendar year) the following officer positions in the corporation in the percentages indicated opposite their positions, such bonuses to be paid annually within sixty days of such calendar year-end with respect to net profit from Detroit contracts, if any, realized in such calendar year:

Officer	Percentage of Net Profit
Chief Executive Officer	25%
President	25%
Vice President, Finance & Operations	25%
Vice President, Cloud Computing	12.5%
Vice President, Strategic Development	12.5%

This arose out of a concern that the net profits from any such contract not inure to the benefits of Ram Kancharla, a former shareholder of the Corporation, indirectly through shares held by any current shareholder.

The resolution shall cease to be of any further force or effect upon the consummation of any transaction during the next five (5) years as a results of which Ram Kancharla cease to be the direct or indirect beneficiary of any potential Detroit contracts.

The OIG recognizes Computech’s attempt to limit any benefits derived from contracts with the City of Detroit to Mr. Kancharla. However, this resolution does not go far enough. The OIG proposed a twenty (20) year debarment for Computech and Mr. Kancharla based on the guidelines of the Debarment Ordinance. Section 18-11-12 of the Debarment Ordinance states that any conviction incident to a contract with the City of Detroit, including bribery, is subject to a twenty (20) year debarment. However, the resolution only contemplates the next five (5) years which the OIG finds is an inadequate solution. Because of the harm Mr. Kancharla’s actions caused the City of Detroit as well as the harm it caused to the citizens’ trust in the honesty and integrity of government contracting, the OIG finds that Computech is not a responsible contractor with whom the City of Detroit should be doing business with at this time.

Mr. Kancharla’s Continued Employment with Computech

On June 28, 2017, Computech CEO Ram Kancharla pleaded guilty to tampering with documents. It is also undisputed that he participated in the bribery of public officials in Detroit and Atlanta. Despite the seriousness of Mr. Kancharla’s actions and the harm it caused to Computech and its employees, Mr. Kancharla was hired by the company to work as an independent contractor.

During the administrative hearing, Mr. Cheesewright admitted Mr. Kancharla became an independent contractor after he resigned. It was also at this time that Mr. Cheesewright became

CEO.³⁰ Mr. Kancharla's *Offer for Independent Contractor Services* states that it "is with great pleasure that we offer you this offer from Computech Corporation, seeking your services as an independent contractor." He was contracted as the Project Manager/ Software Architect for the Vision Insurance Management Services project. The contract was for a term of nine (9) months and his compensation was \$90,000. Mr. Kancharla's job as an independent contractor ended in August 2018.³¹ Currently, he is not employed with Computech in any capacity.

Mr. Kancharla engaged in illegal behavior that damaged Computech's reputation, negatively impacted Computech's employees, and called into question the company's ability to act as a responsible contractor. Computech had an opportunity to end its working relationship with Mr. Kancharla to send a message to all employees that such actions will not be tolerated. Instead, the company continued its relationship with Mr. Kancharla. This calls into question Computech's commitment to act as a responsible contractor and its willingness to do whatever is necessary to ensure such actions do not occur in the future.

On March 18, 2019, Mr. Cheesewright submitted an affidavit to the OIG. It stated, in part, that

As CEO of Computech, I have no present intention of hiring Mr. Kancharla as a W-2 employee or engaging Mr. Kancharla as an independent contractor... I hereby declare and undertake that so long as I remain in my current position, and in my official capacity, Computech will neither hire Mr. Kancharla as an employee nor engage him as an independent contractor in the future on any specific projects.

This affidavit was submitted to the OIG only after we raised concerns about Mr. Kancharla's potential future involvement with Computech. In a previous affidavit dated October 15, 2018, Mr. Cheesewright stated

In 2017, Mr. Ram Kancharla resigned from Computech. Since that time, Mr. Kancharla's role with the company has been limited to writing code on an independent contractor basis on one project. His work on that project is complete, however he may be called to perform similar work on an as needed basis.

Computech fired Mr. Aramugum for his role in the bribery. Yet the company continued to do business with Mr. Kancharla, the individual who approved the payments for the bribery and then gave orders to alter documentation to cover it up. Therefore, the OIG simply cannot recommend that the City of Detroit does business with a contractor who seemed reluctant to distance itself from someone who engaged in illegal conduct because he was able to perform a task beneficial to the company.

³⁰ *Id.* at 87.

³¹ *Id.* at 116.

Remedial Actions Taken By Computech

Nevertheless, because Computech has taken some remedial actions on its own to prevent future wrongdoing and because we want to encourage the wrongdoers to change and to correct their paths, we do not recommend the maximum debarment of twenty (20) years in this instance. Computech has fully cooperated with the OIG investigation and has provided the OIG with evidence that it has taken steps on its own to institute new policies and procedures aimed at preventing improper, unethical, and illegal conduct from occurring in the future.

Mr. Cheesewright proactively updated the company's *Employee Handbook*, including how expenses are reimbursed.³² Based on the handbook, two (2) members of the Executive Board must independently review reimbursement requests. Receipts and documentation must be submitted to substantiate all requests for approval.³³ An *Ethics Policy Addendum* was also completed, effective April 2018.³⁴ Further, Computech conducts annual compliance training so all employees are aware of the company's policies and procedures.³⁵ Finally, Computech no longer has a bonus structure for certain employees involved with the company's public sector business.³⁶

For these reasons, the OIG finds that a period of ten (10) years is an appropriate length of debarment.

VIII. Conclusion

Based on the evidence above, the OIG finds that Computech is not a responsible contractor. Mr. Kancharla and Mr. Aramugum have engaged in improper, unethical, and illegal conduct in the City of Detroit contracting process at the expense of the citizens of Detroit. Documentation and testimony provided on behalf of Computech suggests that the company's culture contributed to these actions. Though Computech has started to take steps to prevent this from occurring in the future, more needs to be done.

Computech has argued that the company has made it a priority to help residents in the City of Detroit and is a significant contributor to the city's economy and therefore should not be debarred.³⁷ The OIG does not dispute that Computech's achievements towards making the City a better place, such as buying and rehabilitating old buildings in Detroit; working with the churches in the City, Wayne State University, and Detroit Historical Museum; and hiring Detroit residents. However, Computech's conduct under Mr. Kancharla's leadership and its continued ties to Mr. Kancharla, however minimal, cannot easily be dismissed. Every action a contractor takes or does not take has consequences and every contractor must be held accountable for their actions.

³² This process began on June 23, 2017 and was finalized in January 2018.

³³ Transcript of Administrative Hearing at 101-104.

³⁴ *Id.* at 100

³⁵ *Id.* at 94.

³⁶ *Id.* at 97.

³⁷ Butzel Long Letter re: Computech Corporation's Response to Notice of Proposed Debarment Proceedings and Request for Hearing, dated October 15, 2018.

Computech has also expressed concern about the impact being debarred from the City of Detroit would have on their current and future business.³⁸ The OIG is very cognizant of the serious nature of debarment and the consequences it may have on a company. However, the OIG is tasked with ensuring that the City solicits offers from and awards contracts to responsible contractors only. The serious nature of debarment requires that it is only imposed when it is in the public interest. Therefore, the OIG finds debarment to be in the public interest in this instance.

Section 18-11-12(a) of the Debarment Ordinance states that

The period for debarment shall be commensurate with the seriousness of the cause or causes therefore, but in no case shall the period exceed 20 years. Generally, debarment should not exceed five years, except: (1) Debarment for convictions of criminal offenses that are incident to the application to, or performance of, a contract or subcontract with the City, including but not limited to... bribery, falsification or destruction of records...

The OIG wants to encourage companies whose leadership and employees engage in improper, unethical, or illegal behavior to proactively identify deficiencies within their companies that allowed such behavior to occur and correct it. These companies should also act swiftly and decisively against those whose actions are in question. Computech has changed their policies and procedures in an attempt to prevent future issues. However, the company did not act decisively against Mr. Kancharla but instead allowed him to continue to work for Computech. Based on these reasons, the OIG finds that Computech should be debarred from contracting and subcontracting with the City of Detroit for a period of ten (10) years.

³⁸ Transcript of Administrative Hearing at 58.