

City of Detroit
Office of Inspector General
Debarment Report
OIG Case No. 18-0028-INV, et al.
Den-Man Contractors
June 3, 2024



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Inspector General

**CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL
DEBARMENT REPORT**

**DEN-MAN BACKFILL ISSUES
OIG FILE NO. 18-0028-INV, ET. AL.
June 3, 2024**

I. Debarment Determination

On April 27, 2023, the City of Detroit Office of Inspector General (OIG) issued an interim suspension to Den-Man Contractors, Inc. (Den-Man) and its owner David Holman pursuant to Section 17-5-360 the City of Detroit Debarment Ordinance (Debarment Ordinance).¹ The OIG’s review of records and information suggested that Den-Man and Mr. Holman were involved in improper and possible criminal activity which included use of unapproved backfill material that did not meet environmental standards as well as improper invoicing. The suspensions were issued based our knowledge of the potential harm to the health, safety, and welfare of Detroit residents.

On March 4, 2024, Mr. Holman pleaded no contest to felony false pretenses which was later reduced to a misdemeanor after he completed all requirements as set forth by the court. He was sentenced to probation and community service.² Mr. Holman also agreed to pay restitution in the amount of \$4,722,587.59. He was required to pay \$1.25 million in restitution before his sentencing on April 12, 2024 and make monthly payments of \$1,000 towards restitution.³

On January 26, 2024, Mr. MacDonald pleaded guilty to felony false pretenses. He was sentenced to serve probation and community service. Mr. MacDonald also agreed to pay restitution which included \$125,000 during the course of his probation.⁴ It should be noted that the OIG did not issue an interim suspension to Mr. MacDonald because he did not have an ownership, leadership, or financial interest in a company doing business with or seeking to do business with the City on April 27, 2023 or thereafter. Therefore, there was no “need for immediate action” as required by the Debarment Ordinance.⁵

On April 2, 2024, the OIG provided a draft copy of the debarment report to Mr. Holman, Mr. MacDonald, and Den-Man. On April 8, 2024, Mr. Holman and Den-Man requested an

¹ The initial interim suspensions were for 90 days. The interim suspensions were extended three times as permitted under Section 17-5-360 of the Debarment Ordinance. The interim suspension expired on October 24, 2023.

² During the OIG administrative hearing on May 20, 2024, Mr. Holman testified that because he had completed his community services required by the Court, he was never put on probation. See Office of Inspector General Administrative Hearing Transcript In the Matter of: OIG Case No. 2018-0028-INV Den-Man Contractors, Inc, May 20, 2024, pg. 12.

³ Plea Agreement between the State of Michigan and David Holman, March 4, 2024. Mr. Holman testified during the OIG administrative hearing that prepaid \$12,000 (\$1,000 per month for the next 12 months, in addition to the \$1.25 million in restitution. See OIG Administrative Hearing Transcript at 12-13.

⁴ Plea Agreement between the State of Michigan and David MacDonald, January 26, 2024

⁵ Debarment Ordinance at Section 17-5-360(1).

administrative hearing which was held on May 20, 2024.⁶ A transcript with exhibits is attached to this report detailing the evidence presented by Mr. Holman and Den-Man at the administrative hearing. Mr. MacDonald did not contest his debarment.

Based on the information detailed below, the OIG determined that Den-Man Contractors, Inc., David Holman, and David MacDonald have not acted as responsible contractors. Therefore, the OIG finds the following based on our findings:

- Den-Man Contractors, Inc. (Den-Man) is debarred for 20 years with an effective date of April 27, 2023.
- David Holman is debarred for 20 years with an effective date of April 27, 2023.
- David MacDonald is debarred for 15 years with an effective date of January 26, 2024.

Pursuant to Section 17-5-354(b) of the Debarment Ordinance, Den-Man, Mr. Holman, and Mr. MacDonald are also precluded from serving as a “subcontractor or as a goods, services or materials supplier for any contract” for the City of Detroit. Additionally, because Mr. Holman and Mr. MacDonald, as individuals, are debarred, no company they own, are an officer for, or have a direct or indirect financial or beneficial interest in may do business with the City of Detroit as a contractor or subcontractor for the period of debarment.⁷

II. Complaints

On September 7, 2018, the OIG initiated Case No. 18-0028-INV based on information developed while investigating a separate Den-Man related complaint.⁸ The evidence indicated that Den-Man invoiced the Detroit Land Bank Authority⁹ (DLBA) for backfill it received for free from various dirt haulers. The OIG opened the investigation to determine if Den-Man’s actions were a violation of the Hardest Hit Fund (HHF) *Scope of Services* which stated “[a]t the time of invoice, the Contractor will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs. Documentation must include but is not limited to: invoices and trip/load tickets.¹⁰” The OIG sought to determine if Den-Man made fraudulent representations regarding the cost and subsequent invoicing of backfill. The OIG received additional complaints regarding Den-Man while investigating Case No. 18-0028-INV. These cases are described below and incorporated into this debarment report.

On September 26, 2018, the OIG opened Case No. 18-0033-INV after receiving a complaint from the DLBA. It was alleged that several piles of dirt were improperly dumped on Den-Man demolition sites. Instead of removing the dirt per Detroit Building Authority¹¹ (DBA) instructions, Den-Man used the dirt to fill open holes. Den-Man Demolition Director David

⁶ Letter from Den-Man attorney J. Christian Hauser to Inspector General Ellen Ha regarding Den-Man Contractors, Inc. OIG Case No. 18-0028-INV, April 8, 2024.

⁷ City of Detroit Debarment Ordinance, Section 17-5-363. Application of remedies.

⁸ OIG Case No. 18-0017-INV. The full report may be found on the OIG’s website at <https://detroitmi.gov/sites/detroitmi.localhost/files/2021-03/Final%20DenMan%20Report%2018-0017-INV.pdf>.

⁹ The DLBA managed and oversaw the HHF Demolition Program for the City of Detroit.

¹⁰ Exhibit A *Scope of Services* (Revised 05/05/2017), Section IX: Submittals, Part 3: Request for Payment (C)(9), pg. 26.

¹¹ The DBA was the program manager for the City of Detroit and DLBA demolition programs.

MacDonald informed DBA Assistant Director Tom Fett that the dirt had been tested when the use was questioned. However, testing documentation provided by Den-Man showed that the dirt was not tested until after Mr. Fett spoke with Mr. MacDonald. Thus, the OIG sought to determine if Mr. MacDonald made fraudulent statements about the dirt testing.

On November 2, 2018, the OIG opened Case No. 18-0049-INV after receiving an additional complaint from the DLBA. It was alleged that Den-Man demolished 14444 Flanders despite being informed by their abatement subcontractor not to because remediation of the asbestos containing material had not been completed. However, Den-Man completed the demolition despite this notification. This created a potential health hazard to the neighborhood. Therefore, the OIG sought to determine if Den-Man engaged in abuse or fraud related to the improper demolition.

On January 25, 2022, the OIG opened a complaint which was eventually turned into Case No. 23-0011-INV after receiving information from the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) that Den-Man used unapproved backfill. Specifically, SIGTARP sent a letter to the City of Detroit and OIG stating that it recently identified records which indicated that backfill/topsoil materials used by Den-Man in approximately 200 HHF and non-HHF demolition properties did not originate from an approved source.¹² SIGTARP stated that the records, when viewed in conjunction with the contracts, revealed that the backfill materials used originated from either Category 3, Prohibited and/or Unknown/Unidentified sources.¹³ The OIG sought to determine if Den-Man submitted fraudulent information regarding its backfill sources.

III. Referrals to SIGTARP

On May 18, 2018, the OIG opened its first investigation regarding Den-Man and then subsequently opened four (4) additional investigations based on various complaints detailed above.¹⁴ On August 23, 2018, the OIG informed SIGTARP of our investigations regarding Den-Man potentially invoicing for free dirt in violation HHF contracts.¹⁵ SIGTARP is a federal agency tasked by the United States Treasury to investigate waste, abuse, and fraud in the Emergency Economic Stabilization Act which includes the HHF program.¹⁶ Initially the OIG and SIGTARP worked these complaints as a joint investigation, with SIGTARP leading the HHF side of the investigation and the OIG leading the Non-HHF side of the investigation.

However, when it became clear that Den-Man may have engaged in illegal activity, SIGTARP became the primary investigating agency. The 2012 Charter, Section 7.5-308 states

¹² Non-HHF demolitions are all other demolitions completed by the City of Detroit that were not financed by the Hardest Hit Funds.

¹³ Letter from the Office of the Special Inspector General for the Troubled Asset Relief Program Special Agent in Charge James J. O'Connor to the City of Detroit Demolition Department Director LaJuan Counts, Deputy Director Timothy Palazzolo, Assistant Director Thomas Fett and City of Detroit Office of Inspector General Ellen Ha, January 25, 2022.

¹⁴ The OIG opened the following investigations regarding Den-Man: 18-0017-INV, 18-0028-INV, 18-0033-INV, 18-0049-INV, and 23-0011-INV.

¹⁵ The OIG informed SIGTARP via email on August 23, 2018.

¹⁶ <https://www.sig tarp.gov/>, accessed on November 17, 2023.

that if the Inspector General has probable cause to believe an illegal act has been committed, the matter must be referred to the appropriate prosecuting authorities. Therefore, SIGTARP continued its investigation into any potential criminality. In the interim, at the request of SIGTARP, the OIG continued to collect and analyze evidence related to all open Den-Man investigations and continued to assist and work with SIGTARP. While the OIG did not conduct or actively participate in any interviews so as to not interfere with any ongoing criminal investigations, to the extent feasible, information gathered during the interviews was shared with the OIG.

IV. Overview of Den-Man Contractors, Inc.

Den-Man Contractors, Inc. was an approved demolition contractor for the DLBA HHF Demolition Program as well as the City of Detroit non-HHF Demolition Program. The company has been in business for over 30 years and specializes in “commercial and residential construction projects, demolition, excavation, site work, underground water and sewer, and concrete construction.¹⁷” Den-Man also loads and hauls dirt for private customers.

President and owner David Holman “oversees projects personally from start to finish.¹⁸” In July 2017, David MacDonald was hired by Mr. Holman to oversee demolition operations. Mr. MacDonald’s job duties included “project scheduling and coordination, scheduling of all subcontractors (including abatement), assigning crews and personnel to specific sites, coordinating and arranging backfill, site restoration and site closeout, obtaining permits, communication with inspectors and administration, and estimating for new work out for bid.¹⁹” As such, Mr. MacDonald received profit sharing bonuses from Den-Man as a part of his compensation.²⁰

Between 2017 and 2019, Den-Man was awarded \$12,133,688 in work as an approved contractor. The following is the breakdown of Den-Man’s contracts with the DLBA and City:

Years	Contracts	Total Properties	Backfill Invoiced	Total Contract Amount
2017-2018	11 HHF ²¹	245	\$571,530.55	\$4,154,097
2017-2019	87 Non-HHF ²²	294	\$866,567.00	\$7,979,591
Totals	98	539	\$1,438,097.55	\$12,133,688

¹⁷ <http://www.den-man.com/>, accessed on July 12, 2021.

¹⁸ *Id.*

¹⁹ Letter to OIG Attorney Jennifer Bentley from Beier Howlett, P.C. Attorney Rebecca A. Camargo on behalf of Den-Man and owner David Holman re: 18-0049-INV Den-Man Improper Demolition dated November 20, 2018.

²⁰ U.S. Department of Treasury Office of the Special Inspector General for the Trouble Asset Relief Program (SIGTAR) Memorandum of Investigative Activity (MOIA), Interview of David MacDonald conducted by SIGTARP Special Agents Daniel Esmond and James O’Connor, July 30, 2019.

²¹ Residential Properties Only.

²² Residential and Commercial Properties.

On May 1, 2019, the DLBA terminated Den-Man's HHF contracts. DLBA Demolition Director Tammy Daniels²³ sent a letter to Mr. Holman which detailed three events that led to the cancellation of the contracts.

1. On April 21, 2018, a Detroit resident witnessed trucks dump dirt on her property without her permission. Den-Man denied responsibility, but an investigation found that a Den-Man employee directed the dirt to be dumped at the location in question.
2. On August 9, 2018, the Michigan Department of Environmental Quality²⁴ determined that Den-Man failed to adequately wet debris and properly dispose of asbestos containing material at 12746 Terry.
3. On September 13, 2018, Den-Man demolished 14444 Flanders despite being informed that the asbestos containing material had not been abated.²⁵

Therefore, the DLBA terminated Den-Man's contracts because the company "failed to perform its obligations in a satisfactory and proper manner as required by Section 2.01 of the Contracts, the DLBA is exercising its right to terminate the Contracts for cause under Section 9.02 (1) & (2) of the Contracts."²⁶

It is important to note that the termination of Den-Man's contracts by the DLBA does not make the OIG or SIGTARP's investigations moot. The DLBA cancelled Den-Man's contracts because of performance issues. In contrast, the OIG and SIGTARP's investigation sought to determine if Den-Man engaged in any waste, abuse, fraud, or corruption while carrying out its work on HHF and non-HHF contracts.

V. Charges and Pleas

Mr. Holman and Mr. MacDonald were each charged with 12 criminal counts by the Michigan Department of Attorney General (Michigan AG). These charges were the result of their scheme to:

- (1) fraudulently invoice for backfill that Den-Man obtained for free, which was in violation of the terms of the contract between the parties resulting in fraudulent billing of approximately \$1,148,513.61 to [the HHF Demolition Program] and the City of Detroit collectively, and
- (2) use backfill from an unapproved or prohibited source which was contrary to the terms of the contract between the parties resulting in over \$3,500,000 in costs incurred by the City of Detroit to test and remediate the sites where the backfill was used.

²³ At the time the letter was issued, Ms. Daniels was also DLBA Interim General Counsel.

²⁴ This state agency is now known as the Michigan Department of Environment, Great Lakes, and Energy (EGLE).

²⁵ Letter to Den-Man owner David Holman re: Notice of Termination of Abatement and Demolition of Residential Properties Agreements (RFP Groups 5.26.17 (M and O), 5.29.18 (C and E), and 8.7.18 (E) between the Detroit Land Bank Authority and Den-Man Contractors, Inc. ("Contracts") from DLBA Demolition Director & Interim General Counsel Tammy Daniels, copied to DLBA Executive Director Saskia Thompson, DBA employees Tyrone Clifton and Tim Palazzolo, City of Detroit Director of Procurement Boysie Jackson, and attorneys Nathan J. Fink and J. Christian Hauser, May 1, 2019.

²⁶ *Id.*

(3) Subsequently, on March 4, 2024, Mr. Holman pled no contest to felony false pretenses. Likewise, on January 26, 2024, Mr. McDonald pled guilty to felony false pretenses.²⁷

On November 27, 2023, the Michigan AG filed charges against Mr. Holman. He was charged with one count of Conducting a Criminal Enterprise and eleven (11) counts of False Pretenses.²⁸ The Criminal Enterprise count stated that Mr. Holman, who was “employed by or associated with an enterprise, to wit: Den-Man Contractors, Inc., did knowingly conduct or participate in the affairs of the enterprise directly or indirectly through a pattern of racketeering activity...”²⁹ The Michigan AG stated, in part, that Mr. Holman operated a

scheme that fraudulently billed [the HHF Demolition Program] and the City of Detroit over \$1,000,000 collectively for dirt used to fill demolition sites that his company, Den-Man Contracting, obtained for free from prohibited or unknown sources. Holman is alleged to have known that his backfill material was in violation of the terms of his multiple City contracts and failed to do any testing to ensure the backfill was not contaminated given the source. The City of Detroit has incurred more than \$3,500,000 in costs to test the sites where Den-Man Contracting’s prohibited source dirt was used.³⁰

It also stated that 90 properties failed environmental standards.³¹

On March 4, 2024, Mr. Holman pleaded no contest to felony false pretenses. He was sentenced to one (1) year of probation and 100 hours of community service. Mr. Holman also agreed to pay restitution in the amount of \$4,722,587.59 and serve 120 days in Wayne County Jail to be held in abeyance if he completes all terms and conditions. Mr. Holman is required to pay \$1.25 million in restitution before his sentencing on April 12, 2024, and make monthly payments of \$1,000 towards restitution.³²

a. David MacDonald

On April 24, 2023, the Michigan AG filed charges against Mr. MacDonald. He was charged with one count of Conducting a Criminal Enterprise and eleven (11) counts of False Pretenses.³³ Mr. MacDonald was accused of fraudulently billing the City of Detroit for over

²⁷ Plea Agreement between the State of Michigan and David Holman, March 4, 2024 and Plea Agreement between the State of Michigan and David MacDonald, January 26, 2024.

²⁸ Felony Complaint, The People of the State of Michigan v. David Ronald Holman, Case No. 23060160-FY, filed on November 27, 2023.

²⁹ *Id.*

³⁰ AG Press Release, 2 Charged for Criminal Enterprises, Defrauding Federal TARP Program and the City of Detroit, November 30, 2023.

³¹ *Id.*

³² Plea Agreement between the State of Michigan and David Holman, March 4, 2024. It was also agreed that if Mr. Holman completes all terms and conditions and pays at least \$1.25 million in restitution, and pays \$1,000 per month during his probation, the false pretenses to which he pleaded no contest will be reduced to a misdemeanor.

³³ Felony Complaint, The People of the State of Michigan v. David Scott MacDonald, Case No. 2305658901-FY, filed on April 24, 2023.

\$1,000,000 for backfill used at Den-Man demolition sites that he obtained at no cost and from potentially contaminated sources.³⁴ The Michigan AG's press release states in part:

In 2017, MacDonald was employed by the Den-Man company to lead the company's demolition program. His responsibilities included finding backfill for all the demolition sites for which Den-Man was contracted by the City of Detroit to handle. The contract made Den-Man responsible for backfilling the sites of demolished properties with dirt from approved sources, and the company was entitled to bill the city for the acquisition price of that dirt. MacDonald repeatedly claimed to have paid for dirt used at these sites he had obtained at no cost, lied about the source of the dirt, and billed the Detroit Land Bank Authority for fictitious sums. Den-Man received \$1,148,513.61 for reimbursement for backfill material without actually incurring those costs. Furthermore, the alleged unapproved source of backfill material is considered environmentally contaminated.³⁵

It was also alleged that Mr. MacDonald knowingly obtained backfill from unapproved sources that did not comply with the terms of the DLBA or City of Detroit contracts.³⁶

On January 26, 2024, Mr. MacDonald pleaded guilty to felony false pretenses. He was sentenced to serve three (3) years of probation and complete 100 hours of community service. Mr. MacDonald also agreed to restitution, \$4,722,587.59 total liability, and 90 days in Wayne County Jail to be held in abeyance and waived upon successful completion of all terms and conditions. He must pay at least \$125,000 toward restitution.³⁷

VI. OIG Investigative Findings

a. OIG Case No. 18-0028-INV

On August 2, 2018, the OIG interviewed a representative from Dani's Transport (Dani's) while investigating a separate Den-Man related complaint.³⁸ The representative stated that Dani's provided backfill to Den-Man on numerous occasions and that Den-Man did not compensate Dani's for the dirt or labor costs.³⁹ On September 7, 2018, the OIG initiated Case

³⁴ AG Press Release, Detroit Contractor Charged for Fraudulently Billing the City Over \$1 Million in Demolition Program, April 25, 2023.

³⁵ *Id.*

³⁶ *Id.*

³⁷ Plea Agreement between the State of Michigan and David MacDonald, January 26, 2024. It was also agreed that if Mr. MacDonald completes all terms and conditions and pays at least \$125,000 in restitution, the false pretenses charges will be reduced to a misdemeanor.

³⁸ OIG Case No. 18-0017-INV. The full report may be found on the OIG's website at <https://detroitmi.gov/sites/detroitmi.localhost/files/2021-03/Final%20DenMan%20Report%2018-0017-INV.pdf>.

³⁹ OIG Interview of Dani's Transport General Manager Andy O'Brien, August 2, 2018. Mr. Holman testified during the administrative hearing that he does not know Mr. O'Brien, but that he knows of him through Mr. MacDonald. See OIG Administrative Hearing Transcript at 17.

No. 18-0028-INV to determine if Den-Man’s actions were a violation of the HHF *Scope of Services* which required contractors to substantiate all costs associated with backfill.⁴⁰ Soon thereafter, the OIG expanded its investigation to determine if Den-Man also violated the Non-HHF *Scope of Services* by receiving payment for free backfill.

i. HHF Invoicing Requirements

The HHF Demolition *Scope of Services*⁴¹ details the requirements contractors must adhere to when they are awarded a *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement* (the contract). The *Scope of Services*, which is incorporated into all HHF contracts as Exhibit A, states that “compensation is based on the approved prices and costs submitted in response to the Request for Proposals, satisfactory completion of work, and the submission of a properly executed, correct, and completed request for payment form with all necessary and contractually required supporting documentation.”⁴²

Additionally, the *Scope of Services* states that at the “time of invoice, the Contractor will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs. Documentation must include, but is not limited to, invoices and trip/load tickets.”⁴³ Contractors were also required to submit a *Contractor Attestation Form*⁴⁴ in which the contractor “acknowledges receipt of all policies and procedures provided by” the DLBA. The form also attests that “[a]ll documents submitted with respect to the Property, such as bid packages and invoices were true, correct and complete as of the date submitted.”⁴⁵

The contract, which states that the “DLBA agrees to pay the Contractor on a cost reimbursement basis,”⁴⁶ also specifies invoicing requirements. The contractor must “submit an invoice for payment consistent with and pursuant to all requirements” of the contract.⁴⁷ It also states:

⁴⁰ Exhibit A *Scope of Services* (Revised 05/05/2017), Section IX: Submittals, Part 3: Request for Payment (C)(9), pg. 26.

⁴¹ The *Scope of Services*, which is incorporated by reference into the executed contract, at Section II: General Requirements, pg. 1, states that “in case of a discrepancy between the requirements of this Scope of Services and any applicable laws, regulations, ordinances, rules, or protocols, the most stringent requirements must apply. It also states that “in the case of any discrepancy between this Scope of Services and the executed contract, and in the case of any discrepancy between this Scope of Services and the executed contract for the abatement and demolition work, the most stringent requirements must apply.”

⁴² *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement RFP 5.26.17M*, Exhibit A *Scope of Services* (7/21/2017), Section II: General Requirements (D), pg. 21.

⁴³ Exhibit A *Scope of Services* (7/21/2017), Section IX: Submittals, Part 3: Request for Payment, pg. 46.

⁴⁴ *Id.*

⁴⁵ *Letter of Attestation for Demolition Contractors*. Den-Man submitted attestation letters for all HHF demolitions which were all signed by Mr. Holman.

⁴⁶ *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement RFP 5.26.17M*, 5. Compensation, 5.01, pg. 3.

⁴⁷ *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement RFP 5.26.17M*, 6. Methods of Payment and Use of Funds, 6.01, pg. 3.

The DLBA has the right to rely on the Contractor for the submission of complete and correct invoices, signed by an authorized officer or designee of the Contractor, which includes supporting documentation. Should any discrepancy or inaccuracy in the invoices or supporting documentation exist, result in overpayment or ineligible expenditures, such as overpayments or ineligible expenditures shall be promptly returned to the DBLA, or at the DLBA's election, recouped through an offset of any monies owed to the Contractor whether due under this or any other Agreement.⁴⁸

Price sheets are also incorporated into the HHF contracts as Exhibit B and show the itemized costs associated with each demolition. Categories include asbestos abatement; additional hazmat; total abatement costs; demolition; backfill (dirt); grade; and seed.⁴⁹ All price sheets submitted by Den-Man during the Request for Proposal (RFP) process and subsequently incorporated into the contracts state “[a]t the time of invoice, Respondents will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs.”⁵⁰

ii. Non-HHF Invoicing Requirements

The Non-HHF Demolition *Scope of Services Demolition of Residential Structures* details the requirements contractors must adhere to when they are awarded a contract for the demolition of residential structures within the City of Detroit. Similarly, the *Scope of Services Demolition of Commercial Structures* also outlines the requirements contractors must adhere to when they are awarded a contract for the demolition of commercial structures within the City of Detroit. Unlike the HHF Demolition Program where the funding comes from the U.S. Treasury's HHF program, funding for non-HHF demolitions comes from a variety of sources, including but not limited to, Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds and Quality of Life Funding.

The *Scope of Services Demolition of Residential Structures* and the *Scope of Services Demolition of Commercial Structures*⁵¹ is similar to the HHF Demolition *Scope of Services*. The non-HHF *Scope of Services* details the requirements contractors must adhere to when they are awarded a non-HHF contract. The *Scope of Services* states that “compensation is based on the approved prices and costs submitted in response to the Request for Proposals, satisfactory completion of work, and the submission of a properly executed, correct, and completed request

⁴⁸ *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement RFP 5.26.17M*, 6. Methods of Payment and Use of Funds, 6.03, pg. 4.

⁴⁹ *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement RFP 5.26.17M*, Exhibit B Project Areas/ Locations and Reimbursable Costs Abatement and Demolition of Residential Properties, pg. 49.

⁵⁰ *Id.*

⁵¹ *The Scope of Services Demolition of Residential Structures*, dated August 31, 2017, is the first Scope of Services for Non-HHF residential demolitions awarded to Den-Man to require the substantiation of dirt costs. *The Scope of Services Demolition of Commercial Structures*, dated May 30, 2018, is the first of Scope of Services for Non-HHF commercial demolitions awarded to Den-Man to require the substantiation of dirt costs.

for payment form with all necessary and contractually required supporting documentation.⁵²” Additionally, the *Scope of Services* for both the demolition of residential and commercial structures states that at the “time of invoice, the Contractor will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs. Documentation must include, but is not limited to, invoices and trip/load tickets.⁵³”

iii. Contractor Training

All demolition contractors received numerous trainings and communications regarding the requirements in both the HHF and non-HHF *Scope of Services* and contracts. This included discussions on the backfill standards and invoicing requirements under the contracts for non-HHF properties as well as the contracts for HHF properties as prescribed by the Michigan State Housing Development Authority (MSHDA) and SIGTARP. Information was presented at bi-weekly contractor meetings and was also reiterated through various emails to the contractors.⁵⁴ In 2017 and 2018, there were numerous training logs signed by Mr. MacDonald acknowledging his presence at the trainings.⁵⁵ Mr. Holman began attending the meetings in late 2018 and 2019 as evidenced by the training logs.⁵⁶ Between 2017 and 2019, there are also various emails from the DLBA and DBA to Mr. Holman, the Den-Man company email, and Mr. MacDonald, reiterating the requirements for HHF and non-HHF demolitions.⁵⁷ Mr. Holman claimed during the OIG administrative hearing that he began attending the meetings after Mr. MacDonald stopped working for Den-Man in September 2018.⁵⁸

iv. DLBA Confirmation of Invoicing Requirements

On November 7, 2018, the OIG spoke with DLBA Director of Demolition Tammy Daniels to get clarification on backfill invoicing requirements for the HHF Demolition Program. She stated that backfill is a reimbursable cost. Ms. Daniels explained that if a contractor received backfill for free, they could not then charge the HHF Demolition Program for it. Contractors must be able to produce a receipt to show their actual expenses.⁵⁹

Ms. Daniels stated that backfill issues were a topic of conversation at several contractor meetings.⁶⁰ She recalled that backfill invoicing was first discussed in early January 2017. MSHDA, who allocated HHF funds to eligible Michigan cities and oversaw expenditures,

⁵² *Scope of Services Demolition of Residential Structures* (8/31/2017), Section II: General Requirements (D), pg. 3 and *Scope of Services Demolition of Commercial Structures* (5/30/2018), Section II: General Requirements (D), pg. 3.

⁵³ *Scope of Services* (8/31/2017), Section IX: Submittals, Part 3: Request for Payment, pg. 30. *Scope of Services Demolition of Commercial Structures* (5/30/2018), Section IX: Submittals, Part 3: Request for Payment, pg. 35.

⁵⁴ Detroit Building Authority Contractor’s Meeting Sign-In Sheets.

⁵⁵ Detroit Building Authority Contractor’s Meeting Sign-In Sheets from 2017 and 2018.

⁵⁶ Detroit Building Authority Contractor’s Meeting Sign-In Sheets from 2018 and 2019.

⁵⁷ Detroit Building Authority Contractor’s Meeting Sign-In Sheets with attachments from 2017 through 2019.

⁵⁸ OIG Administrative Hearing Transcript at 18-19.

⁵⁹ Meeting Notes of Phone Call with DLBA Director of Demolition Tammy Daniels regarding Backfill, November 7, 2018.

⁶⁰ Demolition companies that participated in the HHF and non-HHF Demolition Programs were required to send a representative to these bi-weekly meetings.

expressed their concern over the high backfill costs. Therefore, contractors were initially put on notice that if MSHDA thought backfill costs were excessive, contractors would be required to provide documentation to substantiate dirt costs.⁶¹ On May 5, 2017, the HHF Demolition *Scope of Services* was amended to include the language that, at the time of invoicing, contractors will be required to substantiate all backfill costs.⁶² In addition, the backfill invoicing requirement was later confirmed and reiterated by MSHDA Blight Elimination Team Lead Roxy Eaton.⁶³

v. Relevant Facts

Below is a time-line summary of the relevant facts, which evidence Den-Man's improper invoicing of backfill.

- On May 5, 2017, the HHF Demolition *Scope of Services* was amended to include the following language: "At time of invoice, the Contractor will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs. Documentation must include, but is not limited to, invoices and trip/load tickets."⁶⁴
- On May 12, 2017, the DBA held a bi-weekly contractor meeting which was also attended by representatives from the DLBA, City of Detroit, and MSHDA. The meeting was attended by Mr. MacDonald.⁶⁵ The handwritten notes from the meeting stated that contractors asked for clarification regarding dirt. The notes stated "dirt/backfill was discussed as to if contractor gets it for free they have to remove it but if it costs more they can't. Lump sum package so why does it matter if one house not charged and another is. It balances out. Dirt/backfill costs do we put in labor, gas, trucking, etc." MSHDA said "yes. Be reasonable." The then DLBA Demolition Director Rebecca Camargo said "need to charge a reasonable fee and if not buying dirt must no charge DLBA for it."⁶⁶
- On May 26, 2017, Den-Man bid on HHF contracts in the 5.26.17 series. These bids were submitted by Mr. Holman as Mr. MacDonald was not yet employed by Den-Man. On July 27, 2017, Den-Man was awarded *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreements* for RFP 5.26.17M, RFP 5.26.17N, and 5.26.17O. The Price Sheet submitted for each RFP by Mr. Holman stated "[a]t the time of invoice, Respondents will be required to substantiate all costs associated with backfill (dirt) and must provide any and all documentation related to backfill (dirt) costs." These were the first HHF contracts awarded to Den-Man.

⁶¹ *Id.*

⁶² Exhibit A *Scope of Services* (5/5/2017), Section IX: Submittals, Part 3: Request for Payment pg. 26.

⁶³ Email from MSHDA Blight Elimination Team Lead Roxy Eaton to OIG Attorney Jennifer Bentley, copied to MSHDA Attorneys Geoffrey Ehnis-Clark and Amanda Curler regarding Detroit Backfill Questions, September 13, 2023.

⁶⁴ Exhibit A *Scope of Services* (5/5/2017), Section IX: Submittals, Part 3: Request for Payment pg. 26.

⁶⁵ Detroit Building Authority Contractor's Meeting Sign-In Sheet, dated May 12, 2017.

⁶⁶ Detroit Building Authority Contractor's Meeting Agenda and Notes, dated May 12, 2017. At the time of this meeting, Rebecca Camargo was the DLBA Demolition Director. After leaving the DLBA, Ms. Camargo joined a law firm and eventually began representing Den-Man and David Holman.

- In July 2017, Mr. MacDonald was hired by Mr. Holman to oversee demolition operations for Den-Man. Mr. MacDonald’s job duties included “project scheduling and coordination, scheduling of all subcontractors (including abatement), assigning crews and personnel to specific sites, coordinating and arranging backfill, site restoration and site closeout, obtaining permits, communication with inspectors and administration, and estimating for new work out for bid.”⁶⁷
- On August 17, 2017, Den-Man was awarded their first non-HHF contracts: 17AC1179⁶⁸ and 17AC1183.⁶⁹
- On August 2, 2018, the OIG interviewed a representative from Dani’s who stated that Dani’s provided backfill to Den-Man on numerous occasions and that Den-Man did not compensate Dani’s for the dirt or labor costs.⁷⁰
- On October 23, 2018, Den-Man’s attorney sent an email to the OIG which stated, in part, that Den-Man “either gets the dirt they use for free or they are paid by trucking companies to take the dirt off their hands.” Mr. Holman provided several invoices from Den-Man that were sent to the company’s private excavation customers showing that Den-Man charged the customers for dirt removal from residential sites. Den-Man’s attorney explained that Den-Man then uses that dirt for backfilling city sites.⁷¹
- On November 2, 2018, Mr. Holman sent an unsolicited letter to the OIG regarding “Dirt source information.” The letter stated that Mr. MacDonald oversaw all “backfill operations.” His last day of work was September 14, 2018. Mr. Holman also stated that “the record keeping of the dirt sourcing was inadequate.” Mr. Holman noted that “Den-Man provided a substantial amount of dirt for backfill from its own excavation activities.” Mr. Holman further stated that he could not confirm the accuracy of the load tickets provided by Mr. MacDonald.⁷²
- On November 7, 2018, Ms. Daniels confirmed to the OIG that backfill is a reimbursable cost. She explained that if a contractor received backfill for free, they could not then charge the HHF Demolition Program for it.⁷³
- On December 5, 2018, the DBA held a bi-weekly contractor meeting. The meeting was attended by Mr. Holman and Den-Man employee Gail Holman.⁷⁴ The handwritten notes indicated that MSHDA Blight Elimination Team Lead

⁶⁷ Letter to OIG Attorney Jennifer Bentley from Beier Howlett, P.C. Attorney Rebecca A. Camargo on behalf of Den-Man and owner David Holman re: 18-0049-INV Den-Man Improper Demolition dated November 20, 2018.

⁶⁸ Purchase Order: 3016278.

⁶⁹ Purchase Order: 3016272.

⁷⁰ OIG Interview of Dani’s Transport General Manager Andy O’Brien, August 2, 2018.

⁷¹ Email from Den-Man attorney Rebecca Camargo to OIG attorney Jennifer Bentley re: Den-Man, dated October 23, 2018. Ms. Camargo is no longer representing Mr. Holman or Den-Man in any matter pending before the OIG.

⁷² Letter from Dave Holman to Jennifer Bentley regarding Dirt Source Information, November 2, 2018.

⁷³ Meeting Notes of Phone Call with DLBA Director of Demolition Tammy Daniels regarding Backfill, November 7, 2018.

⁷⁴ Detroit Building Authority Contractor’s Meeting Sign-In Sheet, dated December 5, 2018.

Roxy Eaton noted dirt was a “hot issue.” She explained that SIGTARP was looking at change orders. Therefore, “if [contractors] got free dirt and did not tell [then contractors should do a] change order deduct.”⁷⁵ Ms. Eaton told the contractors to tell MSHDA now if they did not do a change order deduct for free dirt so “it can be addressed prior to SIGTARP getting involved.”⁷⁶

- On December 5, 2018, Mr. Holman sent an email to Ms. Eaton asking what he needed to do to “help [Den-Man] get compliant.” She responded that “for any contracts that you bid and you then incurred less costs than originally bid, please do a spreadsheet indicating the original costs, the incurred costs and the difference.” Ms. Eaton also informed Mr. Holman that “there is nothing wrong for charging for labor- because that is not a free item, but if something is free – then the savings must be passed on in the form of a deduct change order.”⁷⁷
- On January 15, 2019, Mr. Holman provided Ms. Eaton with a spreadsheet purporting to show Den-Man’s “anticipated cost” versus “actual cost” of backfill for various properties. Based his calculations, as outlined below, Mr. Holman voluntarily returned \$65,878.50 back to MSHDA.⁷⁸
 - The OIG review of the information in the spreadsheet provided by Mr. Holman shows that his anticipated backfill costs were \$262.50 per property. Mr. Holman calculated this based on the anticipated yards of dirt needed for each property at \$1.50 per yard.
 - Instead of refunding MSHDA the difference between the anticipated costs and the actual costs, Mr. Holman returned his actual costs. This is significant because Mr. Holman’s anticipated backfill costs were \$262.50⁷⁹ or less whereas his backfill bid price average was \$2,332.78 for the HHF Demolition Program.
 - Moreover, a closer review of the documentation provided by Mr. Holman to MSHDA identified three (3) HHF properties that Mr. Holman provided a refund for, totaling \$637.50, which were never demolished by Den-Man.
 - Likewise, Mr. Holman’s documentation identified 11 non-HHF properties that he provided a refund for, totaling \$2,773.50, which were never demolished by Den-Man.⁸⁰
- In 2019, MSHDA refunded Mr. Holman \$35,236.50 of the \$65,878.50 he had initially returned to MSHDA. The refund was for the properties Den-Man did not demolish as well as for properties that were a part of the non-HHF program as MSHDA was unable to

⁷⁵ Detroit Building Authority Contractor’s Meeting Agenda and Notes, dated December 5, 2018, pg. 7.

⁷⁶ Detroit Building Authority Contractor’s Meeting Agenda and Notes, dated December 5, 2018, pg. 8.

⁷⁷ Email correspondence between Mr. Holman and Ms. Eaton, copied to Gail Holman regarding “Denman,” dated December 5, 2018.

⁷⁸ Den-Man Backfill Deduct Reports.

⁷⁹ Den-Man Backfill Deduct Reports 1-14-19. The average bid price was determined based on the total backfill cost invoiced by Den-Man (\$571,530.55) divided by the total number of HHF demolitions (245) completed by Den-Man.

⁸⁰ Den-Man Backfill Deduct Reports.

accept non-HHF funds. Therefore, Mr. Holman’s total credit back to the HHF program was \$30,004.50.⁸¹ It is important to note that there is no evidence the Mr. Holman ever returned any money to the non-HHF program.

Holman Reimbursement Breakdown⁸²

Check from Holman to MSHDA for HHF and Non-HHF Properties	\$65,878.50
Amount Refunded to Holman by MSHDA for Properties Not Demolished	\$637.50
Amount Refunded to Holman by MSHDA for Non-HHF Properties	\$35,236.50
Total Amount Credited Back to HHF Program from Holman after Adjustments	\$30,004.50

- In 2019, Den-Man continued to invoice for backfill on properties demolished in 2018 despite not having documentation to substantiate dirt costs. As previously stated, Den-Man informed the OIG that the dirt used to backfill these sites was obtained for free and, therefore, Den-Man did not have invoices to substantiate dirt costs.
 - In 2019, Den-Man invoiced for 109 HHF properties totaling \$266,702.02.⁸³
 - Den-Man did not submit any non-HHF invoices in 2019.

vi. OIG Analysis and Findings

Den-Man, through Mr. Holman and Mr. MacDonald, fraudulently invoiced the DLBA and City of Detroit for costs they did not incur in violation of their contracts. Mr. Holman attempted to place blame solely on Mr. MacDonald but the information and documentation obtained during this investigation showed that these statements were not accurate. During the investigation, Mr. Holman told SIGTARP that Mr. MacDonald was responsible for all aspects of the Den-Man demolitions and backfill. He also explained that Mr. MacDonald oversaw all aspects of Den-Man’s demolition program, which included the day-to-day operations such as procuring backfill and invoicing.⁸⁴ However, text messages between Mr. Holman and Mr. MacDonald do not support his representation to SIGTARP. In fact, the text messages show that Mr. Holman had daily input into the demolition schedules as well as backfill sourcing and operations.⁸⁵

⁸¹ *Id.*

⁸² *Id.*

⁸³ 2019 Invoices submitted by Den-Man.

⁸⁴ U.S. Department of Treasury Office of the Special Inspector General for the Trouble Asset Relief Program (SIGTARP) Memorandum of Investigative Activity (MOIA), Interview of Den-Man Owner David Holman conducted by SIGTARP Special Agents Daniel Esmond and William Tindall, November 15, 2018..

⁸⁵ Text messages between David Holman and David MacDonald.

Specifically, evidence revealed that Mr. Holman had daily involvement in securing backfill. He provided large amounts of backfill from his private excavation customers. Mr. Holman admitted in several interviews with SIGTARP that he charged all of his private excavation customers to remove and dispose of the dirt. Mr. MacDonald and Mr. Holman then invoiced the DLBA and City of Detroit the amount contained in Den-Man's initial bids even though Den-Man did not pay for backfill.⁸⁶ Ultimately, Mr. Holman's statements were confirmed by SIGTARP as Mr. Holman was unable to provide receipts for the purchase of backfill dirt. Further, Mr. Holman later admitted to SIGTARP that the backfill costs were just a made-up number.⁸⁷

Mr. Holman also told SIGTARP that Mr. MacDonald was responsible for all demolition invoicing which was forwarded to the DLBA and City of Detroit for reimbursement.⁸⁸ However, in late 2018, Mr. Holman assumed the invoicing responsibilities after Mr. MacDonald left Den-Man. Specifically, in December 2018, Mr. Holman was given an opportunity to correct the fraudulent charges by returning the falsely obtained reimbursed amount back to MSHDA.⁸⁹ Mr. Holman issued a refund check to MSHDA in the amount of \$65,878.50 in which he refunded his actual costs instead the amount he should have given back.⁹⁰ This amount also included properties that Den-Man was never reimbursed for because the properties were not demolished.⁹¹ This amount represents a small fraction of Den-Man's fraudulent billing. Further, instead of invoicing for the actual cost of backfill, after the December 2018 notification, Mr. Holman continued to invoice for free dirt in 2019.

For the reasons stated above, the OIG finds that Den-Man, through Mr. Holman and Mr. MacDonald, fraudulently invoiced the DLBA and City of Detroit. Den-Man charged for backfill it received for free in violation of the contracts and *Scope of Services* and despite knowing that they could not substantiate the dirt costs as required by the Demolition Programs. In total, Den-Man's fraudulent actions cost the HHF and non-HHF demolition programs approximately \$1,148,513.61.

⁸⁶ SIGTARP MOIA of David MacDonald, July 30, 2019. See also U.S. Department of Treasury Office of the Special Inspector General for the Trouble Asset Relief Program (SIGTARP) Memorandum of Investigative Activity (MOIA), Interview of Den-Man Owner David Holman conducted by SIGTARP Special Agents Daniel Esmond and Brian McCarthy, March 10, 2020.

⁸⁷ Request Memo, October 12, 2023. SIGTARP was able to confirm that Den-Man purchased \$18,000 worth of backfill in 2018. This amount was credited to Den-Man when the Michigan Attorney General's Office was determining restitution.

⁸⁸ SIGTARP MOIA of David Holman, November 15, 2018. See also U.S. Department of Treasury Office of the Special Inspector General for the Trouble Asset Relief Program (SIGTARP) Memorandum of Investigative Activity (MOIA), Interview of Den-Man Owner David Holman conducted by SIGTARP Special Agents Daniel Esmond and James O'Connor, June 27, 2019.

⁸⁹ Detroit Building Authority Contractor's Meeting Agenda and Notes, dated December 5, 2018. See also Email correspondence between Mr. Holman and Ms. Eaton, copied to Gail Holman regarding "Denman," dated December 5, 2018.

⁹⁰ Den-Man Refund Check No. 24872. See also Den-Man Backfill Deduct Reports.

⁹¹ Den-Man Backfill Deduct Reports.

b. OIG Case No. 18-0033-INV

On September 26, 2018, the OIG received a complaint from the DLBA that alleged several piles of dirt were illegally dumped on Den-Man demolition sites located at 9107 Winthrop, 9121 Winthrop, 9120 Winthrop, and 15572 Linwood. The complaint also alleged that Den-Man disregarded the DBA's instructions to remove the illegally dumped dirt and instead spread it out over the properties.⁹²

i. Documentation provided by the DBA

DBA policy outlines the procedure for illegally dumped materials, including dirt. It states that all work must stop at the demolition location and the Production and Quality Assurance Manager, Field Supervisor, and Field Liaison must be notified. The contractor is also required to hire an environmental professional to test the dirt as well as cover the piles with plastic sheeting. Once the test results are received, the contractor must forward the results to the DBA Assistant Director. Finally, "upon notification of the DBA of acceptance and approval of the analytical results," the contractor is required to remove and dispose of the illegally dumped material.⁹³

On September 19, 2018, DBA Assistant Director Tom Fett authored a detailed memorandum about the timeline of events related to the illegally dumped dirt at the four Den-Man demolition sites.⁹⁴ Mr. Fett's timeline indicated the following:

- May 16, 2018- illegal dumping was noted in Salesforce⁹⁵ for 15572 Linwood.
- June 1, 2018- illegal dumping was noted in Salesforce for 9107 Winthrop, 9121 Winthrop, and 9120 Winthrop.
- August 3, 2018- 9120 Montrose received final grade approval. Final grade approval indicates that the properties have been backfilled and the contractor restored the "appearance, quality, and condition of finished surfacing to match adjacent work, and eliminate evidence of restoration to the greatest extent possible."⁹⁶
- August 16, 2018- 9107 Winthrop received final grade approval.
- August 23, 2018- 9121 Winthrop received final grade approval.
- September 12, 2018- Mr. Fett was informed that the Den-Man demolition sites with the illegal dumping issues were in final grade status.⁹⁷

⁹² Memorandum from DBA Assistant Director Thomas P. Fett to DBA Deputy Director Timothy Palazzolo regarding Illegally Dumped Soil- Improper Handling, September 19, 2018.

⁹³ DBA Procedure for Illegally Dumped Material (Soil, Suspected ACM, etc.).

⁹⁴ Memorandum from DBA Assistant Director Thomas P. Fett to DBA Deputy Director Timothy Palazzolo regarding Illegally Dumped Soil- Improper Handling, September 19, 2018.

⁹⁵ Salesforce is the platform used by the DBA and DLBA to track demolitions and all related information for the City of Detroit.

⁹⁶ *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement RFP 5.29.18E*, Section VI: Site Finishing, Part 4: Grading, Final Grade(E), pg. 47.

⁹⁷ Memorandum from DBA Assistant Director Thomas P. Fett to DBA Deputy Director Timothy Palazzolo regarding Illegally Dumped Soil- Improper Handling, September 19, 2018.

On September 12, 2018, Mr. Fett called Mr. MacDonald and “specifically asked [Mr. MacDonald] if Den-Man had removed the dirt from the sites.” Mr. MacDonald stated that “the dirt was still on the sites.”⁹⁸ Mr. Fett “explained to [Mr. MacDonald] that [Mr. Fett] was looking at a photo of... one of the locations and [he] did not see a pile of dirt.”⁹⁹ Mr. MacDonald stated that “the dirt probably just settled and it could not be seen in the photo.”¹⁰⁰ Mr. Fett then ended the phone call.

A demolition site cannot receive final grade approval if illegally dumped dirt is on the property.¹⁰¹ Therefore, Mr. Fett again contacted Mr. MacDonald who told Mr. Fett that the illegally dumped dirt never left the sites. Mr. Fett asked Mr. MacDonald for clarification. Mr. MacDonald stated, “the dirt was still there.” Mr. Fett further inquired if that meant the dirt was “spread out over the lot” to which Mr. MacDonald stated “the dirt never left the lot and yes.”¹⁰²

Mr. MacDonald was asked why he did not follow DBA protocol which does not allow for illegally dumped dirt to be used as backfill. Mr. MacDonald merely stated that the dirt was tested and agreed to provide the test results.¹⁰³ Mr. Fett requested the test result two additional times with the last request coming on September 19, 2018.¹⁰⁴

On September 20, 2018, Mr. Fett received an email from Mr. MacDonald with the test results for 9121 Winthrop, 9107 Winthrop, 9120 Montrose, and 15572 Linwood.¹⁰⁵ The sample date on the testing documents was September 13, 2018, which was one day after Mr. Fett contacted Mr. MacDonald about the dirt being used on the site and Mr. MacDonald indicated testing was done.¹⁰⁶ Therefore, on September 21, 2018, DBA Deputy Director Tim Palazzolo issued Den-Man a Health and Safety Violation for the improper disposal of dirt/ backfill material. The letter specified that Den-Man’s actions were a violation of DBA Policy # 2016-1, Section 1.2(g); the DBA Scope of Services, Section VI, Part 3e, and the DBA Procedures for Illegally Dumped Materials.¹⁰⁷ It is important to note that the violation issued to Den-Man on these matters do not make OIG’s investigation moot.

ii. Den-Man’s Response to OIG

On October 9, 2018, the OIG contacted Den-Man’s attorney and requested a response, in writing, to the above allegations of illegal dumping. On October 15, 2018, Den-Man’s attorney provided a response on behalf of Den-Man and Mr. Holman. The letter stated that Mr.

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ Memorandum from DBA Assistant Director Thomas P. Fett to DBA Deputy Director Timothy Palazzolo regarding Illegally Dumped Soil- Improper Handling, September 19, 2018.

¹⁰¹ *Id.*

¹⁰² *Id.* at 2.

¹⁰³ *Id.*

¹⁰⁴ *Id.* at 3.

¹⁰⁵ Den-Man hired Environmental Testing & Consulting, Inc. (ETC) to conduct tests on the soil samples. ETC completed the testing on September 20, 2018.

¹⁰⁶ Memorandum from DBA Assistant Director Thomas P. Fett to DBA Deputy Director Timothy Palazzolo regarding Illegally Dumped Soil- Improper Handling- Test Results Received, September 20, 2018.

¹⁰⁷ Letter to David Holman from DBA Deputy Director Timothy Palazzolo regarding Citation- DBA Health and Safety Improper Disposal of Dirt/Backfill Material, September 21, 2018.

MacDonald was the project manager in charge of the four (4) properties and that he “either misled or outright lied to the DBA regarding these properties on multiple occasions.”¹⁰⁸

Den-Man’s attorney acknowledged that Mr. MacDonald used the illegally dumped dirt to backfill the lots “contrary to health and safety standards as well as the scope of the contract.”¹⁰⁹ Mr. MacDonald provided false statements to the DBA regarding the use and testing of the backfill. The letter also alleged that Mr. MacDonald “hid the issue from David Holman, the owner of Den-Man, and then resigned from the company the following week.”¹¹⁰ In fact, Den-Man claimed there was no “explanation as to why Mr. MacDonald failed to follow protocol and mislead and lied to the DBA about these properties. Mr. MacDonald knew the appropriate action with the dirt was to cover it with visqueen, have it tested and removed appropriately under DBA supervision. There is no excuse for his failure to comply and that is not tolerated at Den-Man.”

Nevertheless, Den-Man’s attorney noted that Mr. Holman was “ultimately responsible for his employees’ actions. Mr. Holman has instituted a revamped training schedule with his employees to ensure compliance on all projects. He is committed to renewing that training on a regular basis to avoid any future issues. Mr. Holman is also overseeing the day-to-day operations so a rogue employee cannot cause any further harm to his reputation.”¹¹¹

iii. OIG Findings and Analysis

The evidence reviewed by the OIG shows that Mr. MacDonald did not follow DBA protocol and failed to test the dirt prior to use. Mr. MacDonald engaged in fraudulent behavior by providing knowingly false statements to the DBA that could have negatively impacted the health, safety, and welfare of Detroit residents. While Mr. Holman, through his attorney, claims that he is taking responsibility for the actions of his employee, at a minimum, Mr. Holman failed to provide the proper supervision for the demolitions completed by his company. The lack of oversight could have had a lasting negative impact on properties and neighborhoods given the unknown source of the dirt.

Mr. Holman, through his attorney, noted that the employee involved in the fraudulent behavior, Mr. MacDonald, is no longer a Den-Man employee. When questioned about the illegal dumping, Mr. Holman also claimed that he is committed to training on a regular basis as well as to overseeing day-to-day operations. . However, this was proven not to be an isolated incident at Den-Man. In fact, evidence shows that Mr. MacDonald continued to assist Den-Man with backfill after he left Den-Man’s employment on September 14, 2018.¹¹² Therefore, we find Den-Man has established a pattern of improper behavior that warrants our consideration for debarment proceedings.

¹⁰⁸ Letter to OIG Attorney Jennifer Bentley from Beier Howlett, P.C. Attorney Rebecca A. Camargo on behalf of Den-Man and owner David Holman re: 18-0033-INV Den-Man Improper Dirt/ Backfill Disposal dated October 15, 2018.

¹⁰⁹ Letter from Den-Man Attorney Rebecca Camargo to OIG Attorney Jennifer Bentley, regarding 18-0033-INV Den-Man Improper Dirt/ Backfill Disposal, October 15, 2018.

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² Letter from Dave Holman to Jennifer Bentley regarding Dirt Source Information, November 2, 2018.

c. OIG Case No. 18-0049-INV

On November 2, 2018, the OIG received an additional complaint from the DLBA that alleged Den-Man demolished 14444 Flanders without remediating the property. The complaint stated that Den-Man’s abatement subcontractor informed the company that the asbestos containing material had not been removed and, therefore, demolition should not proceed. However, 14444 Flanders was demolished despite this notification.¹¹³

i. Documentation provided by the DBA

On October 30, 2018, DBA Assistant Director Tom. Fett issued a memorandum regarding 14444 Flanders. This property was part of RFP Group 5.29.18D. Mr. Fett identified the following information:

- Proceed Date- July 19, 2018
- Abatement Subcontractor is [identified]
- Abatement Start Date- August 21, 2018
- No PAV request date
- Knockdown Date- September 13, 2018
- Open Hole Requested- September 13, 2018
- BSEED Open Hold requested- September 17, 2018
- Final Grade Requested- October 26, 2018
- Final Grade Inspection Scheduled- October 29, 2018¹¹⁴

The DLBA and DBA require all HHF properties have a Post Abatement Verification (PAV) prior to demolition to confirm all asbestos containing material was removed from the site. However, there was no PAV status entry for the property in Salesforce, which would verify that it occurred. Mr. Fett’s memorandum stated, “since there was no date listed and in an effort to ensure that this was not a data entry error Compliance Manager Ron Crawford contacted Mannik and Smith Group Inc and inquired if a PAV was requested for 14444 Flanders.” Mannik later confirmed that there was “no record of receiving a PAV request for this property.”¹¹⁵

Mr. Fett also confirmed that Den-Man was notified by their abatement subcontractor that the property was not abated. On August 30, 2018, an employee for the subcontractor sent an email to Mr. MacDonald, Den-Man employee Michelle Cimini, and to the general Den-Man office email indicating that 14444 Flanders had not yet been abated.¹¹⁶ On September 13, 2018, the subcontractor sent another email to Den-Man employee Renee Alter stating “14444 Flanders

¹¹³ Memorandum to Timothy Palazzolo, DBA Deputy Director from Thomas P. Fett, DBA Assistant Director, regarding 14444 Flanders, October 30, 2018, pg. 2.

¹¹⁴ *Id.*

¹¹⁵ *Id.* at 2.

¹¹⁶ Email from BBEK Notification and Scheduling Assistant Krystal Kirby to David MacDonald, Michelle Cimini, and Den-Man Office regarding Den-Man Notifications Schedule.xlsx, dated August 30, 2018.

is on hold for a new survey.¹¹⁷ This email was sent in response to Ms. Alter inquiring why Salesforce did not have asbestos information for 14444 Flanders.¹¹⁸

On October 26, 2018, after confirming Den-Man was notified of 14444 Flanders' abatement status, Mr. Fett contacted Mr. Holman to determine if he was aware of the issue. Mr. Holman informed Mr. Fett that he "regrets to inform [Mr. Fett] that 14444 Flanders may have been wrecked and completed without removal of asbestos." Mr. Holman further informed Mr. Fett that Mr. MacDonald oversaw Den-Man's demolition operation and scheduled the house to be demolished on September 13, 2018. He also told Mr. Fett that Mr. MacDonald's last day of work was September 14, 2018, and that Mr. Holman was "unaware that this job was scheduled or completed until after Dave MacDonald had left."¹¹⁹

ii. Den-Man's Response to the OIG

On November 8, 2018, the OIG again contacted Den-Man's attorney and requested a response, in writing, this time for the above allegations. On November 20, 2018, the OIG received a letter from Den-Man's attorney on behalf of Den-Man and Mr. Holman. The letter acknowledged that, on September 13, 2018, Mr. MacDonald "wrecked 14444 Flanders."¹²⁰ It further stated that Mr. MacDonald "did not have a supervisor – he was given full autonomy to execute the work to be done at his discretion."¹²¹

Den-Man's attorney explained that the "procedures and policies in place at all times were to follow all aspects of the Scope of Services in each contract, whether it be with the City of Detroit or the DLBA."¹²² The procedures outline the steps required before a property can be scheduled for demolition, which includes confirming that all asbestos containing material has been removed. The letter from Den-Man's attorney further stated that the "property was on the white board in the main Den-Man office as 'STOP WORK' and all of the office staff, including Mr. MacDonald, knew that Flanders was not to be knocked. He knocked it anyway, seemingly intentionally."¹²³

According to Den-Man's response, Mr. MacDonald was charged with overseeing Den-Man's demolition contracts for the HHF Demolition Program and he had "free reign over the program."¹²⁴ Mr. Holman "recognizes that he is ultimately responsible for his employee's actions." According to the letter, after Mr. MacDonald resigned on September 14, 2018, Mr. Holman "discovered many issues that Mr. MacDonald had either covered up or lied about,

¹¹⁷ Email from BBK Notification and Scheduling Assistant Krystal Kirby to Den-Man employee Renee Alter regarding No Asbestos Info, dated September 13, 2018.

¹¹⁸ Ms. Alter sent this email on September 13, 2018 at 10:08 am. The subcontractor responded at 11:15 am on the same day.

¹¹⁹ Email from David Holman to Tom Fett, copied Rebecca Camargo regarding 144444 Flanders, dated October 26, 2018.

¹²⁰ Letter to OIG Attorney Jennifer Bentley from Den-Man Attorney Rebecca A. Camargo on behalf of Den-Man and owner David Holman re: 18-0049-INV Den-Man Improper Demolition dated November 20, 2018.

¹²¹ *Id.*

¹²² *Id.*

¹²³ *Id.*

¹²⁴ *Id.*

including this property.¹²⁵ As a result, beginning on September 17, 2018, Mr. Holman became involved in “every aspect of the program to ensure compliance.”¹²⁶ Additionally, the letter states Mr. Holman hired someone with “experience and knowledge” of the demolition programs “for quality control.”¹²⁷ The letter also claims that Den-Man instituted additional procedures that require the demolition schedule to be compared to the abatement schedule to ensure that a stop work order is not overlooked.¹²⁸

iii. OIG Analysis and Findings

The evidence shows that 14444 Flanders was demolished without the removal of asbestos containing material. Mr. MacDonald disregarded notifications from the abatement subcontractor that the property had not been abated. His actions had a potentially negative impact on the health, safety, and welfare of the residents in that City of Detroit neighborhood.

Again, as with the above illegal dumping case, Mr. Holman, at a minimum, failed to provide the proper supervision for the demolitions completed by his company. The lack of oversight in this instance is yet another issue created solely by Den-Man. The company’s disregard for safety measures could have a lasting negative impact on Detroit neighborhoods. More importantly we note that while Mr. Holman stated that he “discovered many issues that Mr. MacDonald had either covered up or lied about, including this property,”¹²⁹ there is no evidence that Mr. Holman informed the DLBA or City of Detroit about potential compliance issues. In fact, Mr. Holman provided information to the DBA regarding 14444 Flanders only after he was questioned by Mr. Fett. Further, Mr. MacDonald continued to assist Den-Man with backfill after he left Den-Man’s employment on September 14, 2018.¹³⁰ This is another example of a pattern of behavior by Den-Man that warrants the initiation of debarment proceedings.

d. OIG Case No. 23-0011-INV

On January 25, 2022, SIGTARP notified the City of Detroit and OIG that it identified records that indicated backfill/topsoil materials used by Den-Man Contractors in approximately 200 HHF and non-HHF demolition properties did not originate from an approved source. The identified sites were backfilled in 2017 and 2018 pursuant to City of Detroit and DLBA contracts. SIGTARP stated that the records, when viewed in conjunction with the contracts, revealed that the backfill materials used originated from either Category 3, Prohibited and/or Unknown/Unidentified sources.¹³¹ Below are the requirements for backfill used in City demolitions.

¹²⁵ *Id.*

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ Letter from Dave Holman to Jennifer Bentley regarding Dirt Source Information, November 2, 2018.

¹³¹ Letter from the Office of the Special Inspector General for the Troubled Asset Relief Program Special Agent in Charge James J. O’Connor to the City of Detroit Demolition Department Director LaJuan Counts, Deputy Director Timothy Palazzolo, Assistant Director Thomas Fett and City of Detroit Office of Inspector General Ellen Ha, January 25, 2022.

i. Scope of Service Requirements

1. HHF Requirements

The HHF Demolition *Scope of Services* details the requirements contractors must adhere to when they are awarded a *Detroit Land Bank Authority Abatement and Demolition of Residential Properties Agreement* contract. Additionally, the *Scope of Services* outlines backfill requirements. Specifically, the *Scope of Services* states:

Documentation must be provided to the Owner or its authorized representative as to the origin and environmental condition of backfill materials. Appropriate documentation described in the DBA Guidance for Backfill Material Evaluation and Testing, dated December 18, 2014, must consist of certification letters; material transportation logs, load tickets, manifests, etc. that track quantity, date and origin; and/or a written report detailing the known history and/or current environmental condition of a soil stockpile being proposed for use by the Owner. As described in the DBA Guidance for Backfill Material Evaluation and Testing, there will be three acceptable types of backfill material origination:

1. Category 1 - Residential Construction Sites; Residential Landscape Yard Sites
2. Category 2 - Virgin (Native) Commercial Borrow and Sand/Gravel Pit Sites
3. Category 3 - Non-residential: Commercial, Utility, Road, and Construction Sites; Commercial Landscape Sites, and Agricultural Sites.¹³²

It also states that proposed backfill material from road projects “must be evaluated by a qualified Environmental Professional (EP) at the Contractor’s expense.¹³³” Further, contractors must “assume responsibility for all costs associated with testing and removal of the unacceptable material and the replacement with acceptable material.¹³⁴”

2. Non-HHF Requirements

The non-HHF Demolition Program has similar backfill requirements. It also outlines the same three (3) acceptable types of backfill material origination to be Category 1, Category 2, and Category 3.¹³⁵ Category 3 also requires testing by a qualified Environmental Professional at the contractor’s expense.¹³⁶ It further specifies that a contractor seeking review and approval to use Category 3 backfill materials must provide the following prior to using that backfill at an

¹³² Exhibit A *Scope of Services* (Revised 9/07/2017), Section VI: Site Finishing, Part 1: Earthwork and Backfill Management (C), pg. 36.

¹³³ *Id.* at 37.

¹³⁴ *Id.* at 39.

¹³⁵ *Scope of Services*, 11/15/2016, Demolition of Residential Structures, pg. 19.

¹³⁶ *Id.* at 20.

excavation site:

1. Address of the proposed source material.
2. Volume of proposed source material.
3. Source and composition of backfill material (e.g., sand, gravel, etc.).
4. A scaled site map or Google Earth type aerial photograph depicting key property features, including, adjacent roads, and sample locations in relation to the area of soil proposed for relocation.
5. Photographs representative of soil backfill piles proposed for relocation, or soil boring logs of proposed soil backfill excavation area.
6. Description of Sampling Methodology
7. Required analytical data, including laboratory QA/QC, from a National Environmental Laboratory Accreditation Program (NELAP) accredited laboratory with proper chain of custody documentation.
8. Provide tabulated data as compared to MDEQ Part 201 Residential Cleanup Criteria.¹³⁷

ii. Backfill Testing Results at Randomly Selected Properties

SIGTARP notified the City of Detroit that backfill materials used by Den-Man at 200 properties originated from either Category 3, Prohibited and/or Unknown/Unidentified sources.¹³⁸ A review of the properties revealed that 135 sites were non-HHF properties and 65 sites were HHF properties. Further, 63 of the 200 sites had been sold to residents and were thus privately owned.¹³⁹ The City of Detroit and DLBA each conducted a random sampling of eight (8) publicly owned Non-HHF and HHF properties. The test results indicated the following.

8 Non-HHF Properties

- All eight (8) sites failed to meet the quality standards required by the City of Detroit contracts.¹⁴⁰
- Seven (7) sites exceeded the Michigan Department of Environment, Great Lakes, and Energy (EGLE) Direct Contact Criteria.¹⁴¹

¹³⁷ *Id.* at 29.

¹³⁸ Letter from the Office of the Special Inspector General for the Troubled Asset Relief Program Special Agent in Charge James J. O'Connor to the City of Detroit Demolition Department Director LaJuan Counts, Deputy Director Timothy Palazzolo, Assistant Director Thomas Fett and City of Detroit Office of Inspector General Ellen Ha, January 25, 2022.

¹³⁹ Email from Tim Devine to OIG Attorney Jennifer Bentley and Michigan Assistant Attorney General Melissa Palepu regarding Den-Man Project, March 5, 2024.

¹⁴⁰ The initial 8 sites tested were 1723 Taylor, 3756 French, 3922 Lemay, 3951 Lemay, 3966 St. Clair, 4674 Fairview, 8059 Forestlawn, and 19958 Greenview.

¹⁴¹ PSI Fill Material Sampling & Analytical Report- City of Detroit 8 Residential Property List, June 20, 2022.

8 HHF Properties

- All eight (8) sites failed to meet the quality standards required by the DLBA contracts.¹⁴²
- All eight (8) sites met the EGLE Direct Contact Criteria.¹⁴³

On June 27, 2022, the City of Detroit sent a Corrective Action letter to Den-Man for the HHF properties requiring the company to replace the backfill it used at seven (7) of its residential demolition sites after the random testing revealed that it did not meet the city's requirements. The seven (7) sites also failed to meet EGLE's Generic Residential Cleanup Criteria for Direct Contact. The City's Corrective Action Plan also required the following:

- Contractor must immediately remove and replace backfill material for the seven (7) sites that did not meet the EGLE Generic Residential Cleanup Criteria for Direct Contact.
- By July 1, 2022, Den-Man must secure all of these sites with fencing to secure them from trespass. This work must be completed no later than July 18, 2022.
- By July 8, 2022, Den-Man must indicate whether it plans to conduct testing at 127 remaining sites to determine which, if any, exceeded applicable criteria and will need to be replaced, OR proceed directly to replacing fill material at all 127 locations. Preparation for this work must begin no later than July 9, 2022.
- Den-Man must complete the Corrective Action Plan at its own cost and expense and reimburse the City for sampling and testing completed to date.¹⁴⁴

On June 30, 2022, the DLBA also sent a Corrective Action Plan to Den-Man regarding the non-HHF properties. The eight (8) properties tested all met EGLE's Generic Residential Cleanup Criteria for Direct Contact. However, all of these sites failed to meet quality standards required by the DLBA contracts. The DLBA Corrective Action Plan also required the following:

- By July 5, 2022, Den-Man must secure all 57 untested sites with fencing to secure them from trespass until each site is approved by testing or the backfill material is removed and replaced. Work must be completed by July 18, 2022.
- By July 8, 2022, Den-Man is required to indicate if it plans to conduct testing at all 57 remaining sites to determine which, if any, exceeded generic residential cleanup criteria or contract standards and will need to be replaced OR proceed directly to replacing fill material at all 57 locations. Contractor must engage environmental professionals to prepare work plans for approval beginning no later than July 9, 2022.
- Den-Man must complete the Corrective Action Plan at its own cost and expense and reimburse the City for sampling and testing completed to date.¹⁴⁵

¹⁴² The initial 8 properties tested were: 533 W. Lantz, 19154 Hawthorne, 1965 Geneva, 16720 Woodingham, 2988 Kendall, 6117 Scotten, 3736 Montclair, and 13395 Wilfred.

¹⁴³ PSI Fill Material Sampling & Analytical Report- HHF 8 Residential Property List, June 16, 2022.

¹⁴⁴ Letter for Deputy Corporation Counsel Charles Raimi to Den-Man owner David Holman regarding Immediate Corrective Action Required, June 27, 2022 and City of Detroit Press Release: City orders demolition contractor to remove and replace fill material used at 7 residential demo sites as part of ongoing joint City and Land Bank review of 200 sites, June 30, 2022.

¹⁴⁵ Letter from (now former) DLBA General Counsel Tim Devine to Den-Man owner David Holman regarding Corrective Action Plan, June 30, 2022 and City of Detroit Press Release: City orders demolition contractor to remove and replace fill material used at 7 residential demo sites as part of ongoing joint City and Land Bank review of 200 sites, June 30, 2022.

The Corrective Action Plans also required Den-Man to restore the excavated sites with at least twelve (12) inches of topsoil, grass seed, and straw. “If Den-Man does not respond to the city’s and Land Bank’s demands and begin work in a timely manner, the City will begin the process of testing and or replacing the fill material at all untested sites and will bill Den-Man for the full cost.¹⁴⁶”

Below details the exchanges that occurred between the City of Detroit, DLBA, and Den-Man regarding Den-Man’s contractual requirements and the steps outlined in the Corrective Action Plans.

- On July 1, 2022, Den-Man’s attorney responded to the City of Detroit and DLBA’s corrective action plan notifying the company that it was in breach of contract and the required next steps. The letters indicated that the “demand that [Den-Man] acknowledge responsibility within three (3) days of [the City and DLBA’s] correspondence is unrealistic” due to the volume of information to review. Den-Man also cautioned the City and DLBA against altering the current conditions of the properties because to do so would violate the company’s rights to conduct its own investigation.¹⁴⁷
- On July 11, 2022, an attorney from Butzel sent correspondence to the DLBA which stated that they were now acting as Den-Man’s legal counsel. The letter said that they believe the analysis completed by Professional Service Industries, Inc. (PSI), the environmental consultant hired by the City of Detroit and DLBA, was “incomplete and should have compared the metal concentrations detected to applicable regional background criteria.” The correspondence also noted that the DLBA’s “requested Corrective Action Plan requirements are neither supported by PSI’s findings nor the Land Bank’s contractual requirements.¹⁴⁸”
- On July 13, 2022, DLBA General Counsel Timothy Devine sent a letter to Den-Man’s attorney. It stated that, as indicated during the July 11 phone call, that the DLBA is not aware of any basis to “divert from the contractually required [Generic Residential Cleanup Criteria (GRCC)] standard in determining next steps” related to the backfill. It further indicated that the initial Corrective Action letter was still in force, Den-Man shall provide all records related to the backfill, and must “move quickly this week to begin fencing all the untested sites.¹⁴⁹”
- On July 21, 2022, Den-Man’s attorney sent correspondence to the DLBA stating that Den-Man disagreed with DLBA’s interpretation of the contract requirements. Den-Man also provided some documentation regarding the backfill but noted that the work was

¹⁴⁶ City of Detroit Press Release: City orders demolition contractor to remove and replace fill material used at 7 residential demo sites as part of ongoing joint City and Land Bank review of 200 sites, June 30, 2022.

¹⁴⁷ Letter from Den-Man attorney J. Christian Hauser to City of Detroit Deputy Corporation Counsel Charles Raimi regarding Den-Man Contractors, Inc. July 1, 2022 and Letter from Den-Man attorney J. Christian Hauser to DLBA General Counsel Timothy Devine regarding Den-Man Contractors, Inc. July 1, 2022.

¹⁴⁸ Letter from Butzel attorney Susan L. Johnson to DLBA General Counsel Timothy Devine regarding Den-Man Contractors, Inc. July 11, 2022.

¹⁴⁹ Letter from DLBA General Counsel Timothy Devine to Den-Man attorney Susan Johnson.

performed in 2017-2018. The letter also reiterated that Den-Man's position has not changed regarding the DLBA's Correction Action Plan.¹⁵⁰

- On August 23, 2022, City of Detroit Deputy Corporation Counsel Charles Raimi emailed Den-Man's attorneys on behalf of the DLBA and City of Detroit. The email indicated that during Mr. Devine's conversation with Den-Man's attorney on August 1, it was made clear that Den-Man "would not undertake any part of the corrective action plan for any of the roughly 200 parcels of property, based on [Den-Man's] belief that there have been no contract violations by [Den-Man]." It explained that the City and DLBA contend that Den-Man is in violation of its contracts based on the testing already completed. It also stated that "this is notice that the City and DLBA will proceed with the corrective action plan and will hold Den-Man liable for all damages, liabilities, costs and expenses incurred including attorney fees."¹⁵¹
- On August 25, 2022, Den-Man's attorney responded, as a follow-up to a phone call, that Den-Man's position has not changed and the DLBA has provide no rationale for requiring Den-Man to test backfill at sites filled four (4) years ago. It stated that Den-Man was not willing to incur the cost of testing the backfill. However, Den-Man offered to test the backfill at ten (10) properties, selected by Den-Man.¹⁵²
- On September 15, 2022, an attorney from Fink Bressack, a firm hired by the DLBA and City of Detroit to represent them in the Den-Man matter, sent a letter to Den-Man's attorney. The letter detailed several contract violations committed by Den-Man. Specifically, it was alleged that Den-Man violated § 9.04, § 9.05, § 14.01, and § 14.05 of the contracts related to records that must be kept, record retention requirements, and production of such records. Den-Man had indicated in prior correspondence that they were only able to locate very little requested documentation from 2017-2018. The letter stated that the records produced were "woefully inadequate given Den-Man's clear contractual obligations."¹⁵³
- The September 15, 2022 correspondence also alleged that Den-Man was in violation of § VI(C) and § VI(G) of the *Scope of Services* which is incorporated into all contracts. These sections relate to origination of backfill material and the testing requirements for contractors, including assuming the responsibility for all costs associated with the testing and removal of unacceptable backfill. The letter also noted that the City of Detroit was

¹⁵⁰ Letter from Butzel attorney Susan L. Johnson to DLBA General Counsel Timothy Devine regarding Den-Man Contractors, Inc. July 21, 2022.

¹⁵¹ Email from City of Detroit Deputy Corporation Counsel Charles Raimi to Den-Man Attorneys J. Christian Hauser and Susan L. Johnson, copied to DLBA General Counsel Timothy Devine regarding City of Detroit and Detroit Land Bank Authority formal confirmation of Den-Man's refusal to undertake the required corrective action plan on any of the 200 parcels at issue, August 23, 2022.

¹⁵² Letter from Butzel attorney Susan L. Johnson to DLBA General Counsel Timothy Devine regarding Den-Man Contractors, Inc., August 25, 2022.

¹⁵³ Letter from Fink Bressack attorney David Fink to Butzel attorney Susan L. Johnson, copied to Timothy Devine, Charles Raimi, and Christian Hauser, regarding Den-Man Contractors, Inc. ("Den-Man") – Backfill Material at Demolition Sites, September 15, 2022.

erecting protective fencing and that Den-Man would be responsible for that cost as well.¹⁵⁴

- Another correspondence dated September 15, 2022, stated that Den-Man’s proposal to test ten (10) properties was an inadequate testing plan and any proposal that does not address all 200 properties is not acceptable.¹⁵⁵
- On November 22, 2022, the City of Detroit emailed Den-Man’s attorney the *Scope of Services*. The email also stated that the City and DLBA “continue to reserve their rights to recover costs associated with this sampling and testing, protective fencing, and any necessary remediation on these sites, from Den-Man, based on [the City and DLBA’s] statutory and common law rights and, more specifically, arising from Den-Man’s breaches of the applicable contracts.”¹⁵⁶
- On December 6, 2022, Den-Man’s attorney sent an email with Den-Man’s proposed sampling protocol attached. It stated “Not sure where we go from here as per our last conversation, [the City of Detroit and DLBA attorney] indicated that the City took it upon themselves to go out and sample the various backfilled sites. [Den-Man’s attorney] can tell [the City and DLBA] the City’s sampling plan is not consistent with what [Den-Man] believe[s] is the appropriate methodology for sampling these sites.”¹⁵⁷
- On June 22, 2023, the City of Detroit sent an email to Den-Man’s attorneys. It stated that the “City and DLBA have been investigating the best way to address the problem created by Den-Man’s failure to document the source of soils used for backfill at approximately 200 demolition sites.”¹⁵⁸ The email also stated, in part, that “[a]fter extensive sampling, testing and environmental analysis, remedial measures will begin shortly. Sampling and testing has been completed at 147 sites. The City is currently planning to proceed with soil removal and replacement at 87 of those sites, while instituting appropriate due care protocols at many other sites.”¹⁵⁹
- On June 26, 2023, the City of Detroit sent an email to Den-Man’s attorneys. It indicated that the City was providing Den-Man with the test results for the 147 properties.¹⁶⁰

¹⁵⁴ *Id.*

¹⁵⁵ Letter from Fink Bressack attorney David Fink to Butzel attorney Susan L. Johnson, copied to Timothy Devine, Charles Raimi, and Christian Hauser, regarding Your August 25, 2022 Letter re Den-Man Contractors, Inc, September 15, 2022.

¹⁵⁶ Email from Fink Bressack attorney David Fink to Butzel attorney Susan L. Johnson, copied to Christian Hauser and Philip D.W. Miller regarding Den-Man Contractor’s Inc. – Backfill Materials at Demolition Sites – City Sampling and Testing, November 22, 2022.

¹⁵⁷ Email from Butzel attorney Susan L. Johnson to Fink Bressack attorney David Fink, copied to Christian Hauser, regarding Den-Man Sampling Plan (Subject to MRE 408), December 6, 2022.

¹⁵⁸ Email from Fink Bressack attorney David Fink to Butzel attorney Susan L. Johnson, copied to Christian Hauser and Philip D.W. Miller regarding Den-Man Contractor’s Inc. – City’s Response to Undocumented Backfill Material at Demolition Sites, June 22, 2023.

¹⁵⁹ *Id.*

¹⁶⁰ Email from Fink Bressack attorney Philip D.W. Miller to Butzel attorney Susan L. Johnson, copied to Christian Hauser, David Fink, and Tim Devine regarding Den-Man Contractor’s Inc. – City’s Response to Undocumented Backfill Material at Demolition Sites, June 26, 2023.

- On June 28, 2023, Den-Man’s attorney sent an email to the City of Detroit. The email stated that “Den-Man is always willing to have meaningful and productive conversations towards reaching a global resolution on the issue at hand.¹⁶¹” It also noted that Den-Man “discussed the issues internally and are in the process of reviewing the testing material that” was provided.¹⁶²
- On July 14, 2023, the City of Detroit sent an email to Den-Man’s attorneys with the list of 87 properties identified for remediation attached.¹⁶³
- On October 11, 2023, the City of Detroit sent a letter to Den-Man’s attorney. The letter stated “that the City and DLBA are proceeding with remediation efforts at 87 sites to remove, safely dispose of, and replace backfill material that was placed at those sites by Den-Man in breach of its contractual obligations to the City and DLBA.¹⁶⁴” It noted that the City and DLBA had previously notified Den-Man of the following:
 - Den-Man’s breaches of the relevant contracts;
 - The City’s and DLBA’s reasonable steps to secure the sites, including by erecting fencing, to ensure public safety while the sites were evaluated;
 - The City’s and DLBA’s reasonable steps to sample and test fill materials at sites demolished, backfilled, and graded by Den-Man in 2017 and 2018 pursuant to Den-Man’s contracts with the City and DLBA;
 - The results of testing conducted by independent environmental contractors; and
 - The City’s and DLBA’s plan to address properties identified for remediation by the expert environmental consultant engaged by the City and DLBA to evaluate the test results.¹⁶⁵

The letter also stated that the City and DLBA had not received any further communication from Den-Man since July 14.¹⁶⁶

¹⁶¹ Email from Frasco Caponigro Wineman Scheible Hauser & Luttmann attorney Christian Hauser, copied David Fink, Susan L. Johnson, Philip D.W. Miler regarding Den-Man Fill Material Issue – Press Release, June 28, 2023.

¹⁶² *Id.*

¹⁶³ Email from Fink Bressack attorney Philip D.W. Miller to Butzel attorney Susan L. Johnson, copied to Christian Hauser, David Fink, and Tim Devine regarding Den-Man Fill Material Issue -- Press Release, July 14, 2023.

¹⁶⁴ Letter from Fink Bressack attorney David Fink to Butzel Attorney Susan L. Johnson, copied to Timothy Devine, Charles Raimi, and Christian Hauser regarding Den-Man Contractors, Inc. (“Den-Man”) – Backfill Material at Demolition Sites, October 11, 2023.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

iii. Test Results for the Remaining Properties

The City of Detroit contracted with five (5) environmental testing companies to test the backfill at the remainder of the 200 Den-Man properties that were identified by SIGTARP as using Category 3, Prohibited and/or Unknown/Unidentified sources. The companies were Intertek PSI, (Intertek), Mannik Smith Group (Mannik), Environmental Testing & Consulting (ETC), Atlas Technical Consultants (Atlas), and DLZ Michigan, Inc. (DLZ). The companies tested all 137 publicly owned lots as well as 24 privately owned lots. The DLBA contacted all 63 residents who owned the lots and were offered the opportunity to have their lots tested free of charge. A total of 24 lot owners provided authorization and access for the lots to be tested.¹⁶⁷

Once it was determined that several properties required remediation, the City then contracted with Salenbien Trucking and Excavating, Inc.¹⁶⁸ (Salenbien) and 3D Wrecking, LLC¹⁶⁹ (3D) to remove and dispose of backfill at the Den-Man sites that required remediation. These companies were also responsible for backfilling the sites once the removal was completed. As of the date of this report, 161 properties were tested, leaving 39 properties untested.¹⁷⁰ Test results indicated that 90 properties, 13 of which are privately owned, failed to meet the City and DLBA's contractual requirements and/or EGLE's environmental standards.¹⁷¹ Therefore, of the Den-Man properties that were determined to have used prohibited and/or unknown/unidentified sources, test results show that 56% failed to meet contractual and/or environmental standards.

As of November 30, 2023, the total cost relating to the 200 Den-Man properties was as follows:

City of Detroit:

Fencing materials:	\$5,046.98
Staff costs for fencing:	\$36,400
Sampling/Analytical:	\$471,560
Removal/replacement:	\$3,007,002.75

City of Detroit Total: \$3,520,009.73

Detroit Land Bank Authority:

Legal Fees and Environmental Consulting:	\$76,064.25
Fencing, Postering, Neighbor Notifications:	\$tbd.

¹⁶⁷ Email from Tim Devine to OIG Attorney Jennifer Bentley and Michigan Assistant Attorney General Melissa Palepu regarding Den-Man Project, March 5, 2024.

¹⁶⁸ *Demolition Services Contract between City of Detroit and Salenbien Trucking and Excavating, Inc.*, Contract No. 6005481 Backfill.

¹⁶⁹ *Demolition Services Contract between City of Detroit and 3D Wrecking, LLC.*, Contract No. 6005482 Backfill.

¹⁷⁰ Email from Tim Devine to OIG Attorney Jennifer Bentley and Michigan Assistant Attorney General Melissa Palepu regarding Den-Man Project, March 5, 2024.

¹⁷¹ Preliminary Test Results for the Den-Man 200 Properties. See also Email from Tim Devine to OIG Attorney Jennifer Bentley and Michigan Assistant Attorney General Melissa Palepu regarding Den-Man Project, March 5, 2024.

DLBA Total:

\$76,064.25¹⁷²

iv. OIG Analysis and Findings

Mr. Holman and Mr. MacDonald knowingly obtained backfill from unapproved or prohibited sources. In doing so, they failed to comply with the terms of the contract and *Scope of Services* in addition to the environmental requirements set forth by the State of Michigan. Mr. Holman and Mr. MacDonald frequently communicated via text messages regarding backfill sources. Text messages show that Mr. Holman provided Mr. MacDonald with backfill that was clearly from unapproved Category 3 sources. Mr. Holman then advised Mr. MacDonald that he could claim the backfill originated from Category 1 residential areas,¹⁷³ when it clearly did not.

In several instances, text messages between Mr. Holman and Mr. MacDonald showed that Mr. Holman knew that the backfill source was from unapproved commercial sites. Specifically, on September 28, 2017, Mr. Holman sent a text message to Mr. MacDonald and advised him that Pamar, a commercial contracting company, had dirt available from a civil construction project.¹⁷⁴ Mr. Holman directed Mr. MacDonald to coordinate the use of this Category 3 source even though no testing was ever completed.¹⁷⁵

On September 29, 2017, Mr. Holman texted Mr. MacDonald about another Category 3 backfill source. Mr. Holman informed Mr. MacDonald that he had TACOM dirt for use at demolition sites. TACOM stands for United States Army Tank- Automotive and Armaments Command.¹⁷⁶ During the OIG administrative hearing, Mr. Holman testified that the dirt was from TACOM's playground.¹⁷⁷ However, this still does not change the fact that the dirt was also clearly an unapproved source that would require testing prior to approval for use as it was not a native source or residential. However, evidence indicates that this backfill was used at demolition sites within the City of Detroit.¹⁷⁸

Further, on October 3, 2017, Mr. Holman sent a text message to Mr. MacDonald advising him that he had backfill from Hoover and 696 for use.¹⁷⁹ This text was sent during the time that the 696-road construction project was taking place.¹⁸⁰ Mr. Holman explained during the OIG administrative hearing that the dirt was from a vacant property near Hoover and 696.¹⁸¹ Mr. Holman sent this text one (1) day after a training email was sent to all contractors, including Mr.

¹⁷² Email from Tim Devine to Jennifer Bentley, copied to David Fink, Douglas Parker, and Philip D.W. Miller, regarding Den-Man's Breaches of Contract, relating to certain demolitions, November 30, 2023.

¹⁷³ Text Messages between David Holman and David MacDonald.

¹⁷⁴ <https://www.pamarenterprises.com/>, accessed on December 8, 2023.

¹⁷⁵ Text Messages between David Holman and David MacDonald, September 28, 2017.

¹⁷⁶ Text Messages between David Holman and David MacDonald, September 29, 2017. See also <https://tacom.army.mil/>, accessed on December 6, 2023.

¹⁷⁷ OIG Administrative Hearing Transcript at 39-40.

¹⁷⁸ Text Messages between David Holman and David MacDonald, September 28, 2017.

¹⁷⁹ Text Messages between David Holman and David MacDonald, October 3, 2017.

¹⁸⁰ Den-Man Timeline Holman and MacDonald created by SIGTARP, pg. 16. See also text messages between David Holman and David MacDonald.

¹⁸¹ OIG Administrative Hearing Transcript at 40-41.

Holman and Mr. MacDonald, regarding use of approved backfill sources. Again, this source fell within Category 3 which required testing prior to use.¹⁸²

Finally, Mr. MacDonald took steps to ensure that the source of the backfill would not be discovered by City officials. He alerted dirt haulers via text messages when City officials were at a demolition site or were closely monitoring an area so the haulers could avoid delivering the unapproved dirt during that time. Mr. MacDonald also instructed dirt haulers to come up with residential addresses for materials he knew was coming from Category 3 locations. Mr. MacDonald then provided these fraudulent addresses to the DLBA and City of Detroit for approval and payment.¹⁸³ This information was confirmed by SIGTARP who contacted the listed source locations. Representatives from the listed source locations indicated that they did not provide any backfill material to Mr. Holman, Mr. MacDonald, or Den-Man.¹⁸⁴ Further, Mr. Holman and Mr. MacDonald took no steps to test the Category 3 unapproved backfill which would be required for its use.¹⁸⁵

While Mr. MacDonald was the project manager for these demolitions, it is clear that Mr. Holman was also involved in the day-to-day operations of the demolition program. Mr. Holman assisted Mr. MacDonald daily in obtaining backfill from approved and unapproved sources. Both Mr. Holman and Mr. MacDonald were aware of the requirements for backfill and knowingly disregarded those standards. Despite receiving several emails reiterating the requirements for approved categories of dirt, Mr. Holman permitted the use of Category 3 backfill for at least 200 demolition sites, resulting in potential harm to the health, safety, and welfare of residents.

VII. Debarment Analysis

Debarment is reserved for city contractors who have been found to have engaged in improper, unethical, or illegal conduct. The purpose of debarment is not punitive but 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. The Ordinance requires that debarment be imposed only when it is in the public interest.¹⁸⁶

a. Reasons for Debarment

Section 17-5-355 of the Debarment Ordinance outlines the reasons a contractor may be debarred. It states, in pertinent part, that a “contractor may be debarred, based upon a preponderance of the evidence,¹⁸⁷” for:

¹⁸² Den-Man Timeline Holman and MacDonald at 14-16. See also text messages between David Holman and David MacDonald.

¹⁸³ Den-Man Timeline Holman and MacDonald at 28. See also text messages between David Holman and David MacDonald.

¹⁸⁴ Den-Man Timeline Holman and MacDonald at 34. See also text messages between David Holman and David MacDonald.

¹⁸⁵ *Id.*

¹⁸⁶ Debarment Ordinance, Section 18-11-1. Purpose.

¹⁸⁷ Debarment Ordinance, Section 17-5-355. Grounds for Debarment.

- (1) Violation of the terms of a City contract or subcontract, or a contract or subcontract funded in whole or in part by City funds, such as failure to perform in accordance with the terms of one or more contracts; or the failure to perform, or unsatisfactory performance of one or more contracts;
- (2) Failing to comply with state, federal, or local laws or regulations applicable to the performance of a contract; ...
- (5) Evidence of (i) the contractor or the contractors officers or owners, or (ii) any person or entity having a direct or indirect financial or beneficial interest in the contractor or its operations; engaging in a criminal offense or civil misconduct that evidences a lack of business integrity or business honesty including but not limited to embezzlement, theft, theft of services, forgery, bribery, fraud, tax evasion, falsification or destruction of records, making false statements or receiving stolen property, or violations of law relating to the obtaining or performance of public contracts;
- (6) Submission of false or misleading documentation, or making false or misleading statements.
- (9) Any other conduct that evidences the inability of the contractor to act responsibly in its conduct on behalf of the City.¹⁸⁸

The evidence shows that Den-Man, through Mr. Holman and Mr. MacDonald, violated the terms of their contracts with the City of Detroit. They did not substantiate the costs associated with backfill as required by the contracts and *Scope of Services*.¹⁸⁹ In fact, Mr. Holman's attorney informed the OIG that Den-Man "either gets the dirt they use for free or they are paid by trucking companies to take the dirt off their hands."¹⁹⁰ Den-Man, through Mr. Holman and Mr. MacDonald, also violated their contracts by using an unapproved dirt source at various locations,¹⁹¹ improperly disposing of illegally dumped materials,¹⁹² and demolishing a property that still had asbestos containing material.¹⁹³

Den-Man, through Mr. Holman and Mr. MacDonald, also failed to comply with state, federal, or local laws or regulations in the performance of their contracts. HHF contracts require

¹⁸⁸ *Id.*

¹⁸⁹ Exhibit A *Scope of Services* (7/21/2017), Section IX: Submittals, Part 3: Request for Payment, pg. 46.

¹⁹⁰ Email from Den-Man attorney Rebecca Camargo to OIG attorney Jennifer Bentley re: Den-Man, dated October 23, 2018.

¹⁹¹ Exhibit A *Scope of Services* (Revised 9/07/2017), Section VI: Site Finishing, Part 1: Earthwork and Backfill Management (C), pg. 36.

¹⁹² Violation of DBA Policy # 2016-1, Section 1.2(g); the DBA *Scope of Services*, Section VI, Part 3e, and the DBA *Procedures for Illegally Dumped Materials*.

¹⁹³ Exhibit A *Scope of Services* (Revised 9/07/2017), Section III: Site Preparation, Part 4: Abatement of Asbestos-Containing and Other Hazardous/Regulated Materials, pg. 28.

that contractors comply with all applicable laws, including but not limited to, the US DOT, 49 CFR Parts 171 and 172- Hazardous Materials Regulations which details the proper disposal of asbestos containing material.¹⁹⁴ Den-Man, through Mr. Holman and Mr. MacDonald, failed to follow the law by demolishing 14444 Flanders without it being properly abated and then disposing it in an improper landfill.¹⁹⁵

Mr. Holman and Mr. MacDonald engaged in criminal conduct which evidenced a lack of business integrity and business honesty. Mr. Holman was charged with 12 criminal counts and Mr. MacDonald was charged with 11 counts, both of which included conducting a criminal enterprise and false pretenses. Mr. Holman's actions allowed him to enrich himself and his company at the expense of taxpayers. In total, Mr. Holman made over \$1,148,513.61 through these false pretenses and illegal actions. Mr. MacDonald, who received a bonus based on the total profit he made for Den-Man, was also able to enrich himself at the expense of taxpayers.

Den-Man, through Mr. Holman, submitted false or misleading documentation and made false or misleading statements which represented that the contractor incurred backfill costs. For example, Den-Man submitted a *Contractor Attestation Form*¹⁹⁶ for each individual HHF demolition the company completed. The *Contractor Attestation Forms*, which all contained Mr. Holman's signature, "acknowledge[d] receipt of all policies and procedures provided by" the DLBA. The form also attests that "[a]ll documents submitted with respect to the Property, such as bid packages and invoices were true, correct and complete as of the date submitted."¹⁹⁷ Mr. Holman also represented to MSHDA that Den-Man overcharged the HHF program by \$65,878.50 in 2017 and 2018.¹⁹⁸ However, Mr. Holman informed the OIG that he did not pay for any backfill during that time. Additionally, in 2019 Mr. Holman continued to submit invoices seeking reimbursement for costs he did not incur. He also continued to submit the *Contractor Attestation Forms* seeking reimbursement, stating the information provided was "true, correct, and complete."¹⁹⁹

Den-Man, through Mr. Holman and Mr. MacDonald's conduct, evidences an inability to act responsibly in its operations on behalf of the City of Detroit. They engaged in a pattern of behavior that shows an indifference toward the policies and procedures established by the City of Detroit to which they agreed to comply. In addition, Mr. Holman and Mr. MacDonald's actions showed a disregard for the laws established by the federal, state, and local government. Their actions also evidenced a total disregard for the health, safety, and welfare of residents. Therefore, it is in the public interest that Den-Man, Mr. Holman, and Mr. MacDonald be debarred.

¹⁹⁴ *Id.* at 31.

¹⁹⁵ ¹⁹⁵ Memorandum to Timothy Palazzolo, DBA Deputy Director from Thomas P. Fett, DBA Assistant Director, regarding 14444 Flanders, October 30, 2018.

¹⁹⁶ Exhibit A *Scope of Services* (7/21/2017), Section IX: Submittals, Part 3: Request for Payment, pg. 46.

¹⁹⁷ *Letter of Attestation for Demolition Contractors*. Den-Man submitted attestation letters for all HHF demolitions which were all signed by Mr. Holman.

¹⁹⁸ Email correspondence between Mr. Holman and Ms. Eaton, copied to Gail Holman regarding "Denman," dated December 5, 2018. See also Den-Man Backfill Deduct Reports.

¹⁹⁹ *Letter of Attestation for Demolition Contractors*.

b. Length of Debarment

Section 17-5-362 of the Debarment Ordinance outlines the factors to consider when determining the length of debarment. It states that the “period of 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.²⁰⁰” However, it specifies the following exceptions which may cause a debarment to be issued for more than five years.

- (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, embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, negligent misrepresentation, price fixing, and bid-rigging, may receive the maximum period...
- (3) Debarment involving purposeful deceit including but not limited to making a deceptive, false, or fraudulent statement which evidences a desire to circumvent or otherwise compromise the investigative process.

Records show that on January 26, 2024, Mr. MacDonald pleaded guilty to false pretenses and was sentenced to probation and community service. He was also required to pay restitution.²⁰¹ Additionally, on March 4, 2024, Mr. Holman pleaded no contest to false pretenses. As a result, he was also sentenced to probation and community service and required to pay restitution.²⁰²

The OIG finds that, based on a preponderance of the evidence detailed above, Mr. Holman and Mr. MacDonald engaged in criminal conduct related to Den-Man’s work as a City of Detroit contractor. Their actions resulted in them being charged with conducting a criminal enterprise and false pretenses. Mr. Holman and Mr. MacDonald’s actions demonstrate a lack of business honesty and business integrity as well as their inability to act as responsible contractors.

Mr. Holman and Mr. MacDonald falsely identified the source of backfill for at least 200 properties in the City of Detroit. More importantly, their fraudulent conduct exposed the residents of City to potential harm and placed the health, safety, and welfare of residents at risk. It has also cost the City of Detroit and taxpayers over \$3,500,000 to clean-up the impacted properties.

Mr. Holman and Mr. MacDonald also falsified documents pertaining to backfill costs. Mr. Holman signed and submitted *Contractor Attestation Forms* in which he acknowledged receipt of all policies and procedures provided by the DLBA.²⁰³ By signing the form, Mr. Holman also attested that all invoices submitted by Den-Man were “true, correct and complete as

²⁰⁰ Debarment Ordinance, Section 17-5-362. Period of debarment.

²⁰¹ Plea Agreement between the State of Michigan and David MacDonald, January 26, 2024.

²⁰² Plea Agreement between the State of Michigan and David Holman, March 4, 2024.

²⁰³ *Letter of Attestation for Demolition Contractors*.

of the date submitted.²⁰⁴ However, a preponderance of the evidence shows that Mr. Holman's false representation cost taxpayer approximately \$1,148,513.61.

Mr. MacDonald's conduct involved purposeful deceit in which he made deceptive and fraudulent statements to the DBA regarding the testing of backfill. Mr. MacDonald stated that testing had been completed on Den-Man sites where illegal dumping had occurred which resulted in Den-Man using the backfill on those properties. However, testing was not completed until after the DBA inquired about the testing.

Thus, the OIG finds that it is in the public interest to debar Den-Man, David Holman, and David MacDonald. Mr. Holman and Mr. MacDonald engaged in conduct that shows their inability to act as responsible contractors. Their actions demonstrate a lack of business honesty and business integrity. Therefore, the OIG finds that Mr. MacDonald shall be debarred for 15 years. The OIG also finds that Den-Man and Mr. Holman shall be debarred for the maximum allowable time of 20 years. Mr. Holman continued to invoice for unsubstantiated backfill costs and not act as a responsible contractor in late 2018 and 2019 after Mr. MacDonald was no longer employed by Den-Man.

VIII. Conclusion

The OIG finds that Den-Man Contractors, Inc., David Holman, and David MacDonald are not responsible contractors. Mr. Holman and Mr. MacDonald's actions on behalf of Den-Man lacked business integrity and business honesty. As such, it is in the public interest to debar these contractors from working on City of Detroit contracts.

The OIG is required to ensure 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's interest, which the OIG finds in this instance. Pursuant to Section 17-5-354(b) of the Debarment Ordinance, Den-Man, Mr. Holman, and Mr. MacDonald are also precluded from serving as a "subcontractor or as a goods, services or materials supplier for any contract" for the City of Detroit. Further, no company they own, are an officer for, or have a direct or indirect financial or beneficial interest in may conduct business with the City of Detroit as a contractor or subcontractor for the period of debarment.

On April 27, 2023, the OIG issued interim suspensions to Den-Man and Mr. Holman. Section 17-5-362(b) of the Debarment Ordinance states that "[i]f suspension precedes a debarment, the suspension period shall be considered in determining the debarment period." Therefore, Den-Man and Mr. Holman's debarments are effective beginning April 27, 2023, with an end date of April 27, 2043. Mr. MacDonald was not issued an interim suspension by the OIG. Therefore, his debarment is effective January 26, 2024 with an end date of January 26, 2039.

²⁰⁴ *Id.* Den-Man submitted attestation letters for all HHF demolitions which were all signed by Mr. Holman.



**CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL**

Ellen Ha, Esq., CIG
Inspector General

Kamau C. Marable, MA., CIG
Deputy Inspector General

April 15, 2024

VIA Certified Mail, Regular Mail, and Email

J. Christian Hauser, Esq.
Frasco Caponigro Wineman
Scheible Hauser & Luttmann, PLLC
1301 W. Long Lake Rd., #250
Troy, MI 48098

**RE: OIG Case No. 18-0028-INV
Administrative Hearing Notice for Den-Man Contractors, Inc. and David Holman**

Dear Mr. Hauser:

An administrative hearing for the above-reference matter has been scheduled for **Monday, May 20, 2024 at 10 am** at the Detroit Office of Inspector General (OIG) located at

OIG Conference Room
615 Griswold, Suite 1230
Detroit, MI 48226

The purpose of the administrative hearing is to give you and your client an opportunity to present testimony and any supporting information you would like the OIG to consider in making a final determination. Any written response must be accompanied by a notarized affidavit attesting to the veracity of the statement under oath. The administrative hearing is not an adversarial process and shall not be conducted as such. The submission of information is not limited by the Michigan Rules of Evidence.

Please keep in mind that the OIG is not trying to prove its case against your client. Therefore, the OIG does not present its case or call any witnesses. The hearing is your opportunity to present any additional testimony or evidence that shows information in the OIG's draft memorandum is inaccurate. The Inspector General will take that information under consideration and amend the draft memorandum as necessary and required by the evidence.

Additionally, the investigation is still considered open until a final memorandum is issued by the OIG which occurs after the administrative hearing. Therefore, Section 7.5-313 of the City of Detroit Charter requires that "all investigative files of the Office of Inspector General shall be confidential and shall not be divulged to any person or agency."



**CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL**

Ellen Ha, Esq., CIG
Inspector General

Kamau C. Marable, MA., CIG
Deputy Inspector General

**If you plan on calling any witnesses, please provide their names as well as their role/
purpose at least five (5) business days in advance of the scheduled hearing date.**

Included with this letter is a copy of the Administrative Hearing Rules and the OIG Hearing Information Sheet on what to expect regarding the hearing. Should you have any questions about the hearing process, you may contact Jennifer Bentley, Attorney for the OIG, at bentleyj@detoig.org or (313) 628-5758.

Very truly yours,

Ellen Ha, Esq., CIG
Inspector General

Enclosures: OIG Administrative Hearing Rules
OIG Hearing Information Sheet



CITY OF DETROIT OFFICE OF INSPECTOR GENERAL

Ellen Ha, Esq., CIG
Inspector General

Kamau C. Marable, MA., CIG
Deputy Inspector General

OIG HEARING INFORMATION SHEET

Before the hearing:

- You and your attorney, if you choose to hire one, may provide a written response, including any supporting information, which is relevant to the OIG draft memorandum.
- You or your attorney must submit a witness list, including the names and purpose of each witness, at least 5 business days in advance of the hearing.
- You are responsible for requesting and arranging for the attendance of any witnesses you would like to call during your hearing.
- The OIG **does not** provide its investigative file prior to the hearing or at the hearing. The draft memorandum clearly details the evidence relied upon in making its initial determination. The purpose of the hearing is for you to present new evidence or testimony in response to the OIG draft findings.
- The Administrative Hearing must be **held** within 45 calendar days of the OIG receiving the written request for a hearing.

At the hearing:

- The Inspector General reads a basic statement of facts regarding your case as well as the areas in which the OIG was critical of you and/or your department's actions.
- You and/or your attorney may make an opening statement.
- You and/or your attorney, if you have one, may question any witnesses, including you, and submit evidence.
- OIG staff may also ask questions of you as well as any witnesses you call. The purpose of this is to ensure the OIG has all of the necessary facts to conclude its investigation.
- All questions are answered under oath.
- All information presented must be related to the OIG's draft findings.
- The hearing is informal but a court reporter is present. A copy of the transcript will be included with the OIG's final memorandum along with any other documentation you submit related to the OIG's draft memorandum.

After the hearing:

- Within thirty (30) days of the hearing or within ninety (90) days of the hearing if the OIG determines that additional information or investigative action is required, the OIG will provide you, and your attorney, if you have one, with a copy of the final memorandum and close its investigative file.



CITY OF DETROIT OFFICE OF INSPECTOR GENERAL

Ellen Ha, Esq., CIG
Inspector General

Kamau C. Marable, MA., CIG
Deputy Inspector General

- The final memorandum will include the notice of hearing, responses from all affected parties, all documents submitted by the affected parties, and a transcript of the hearing.

5/20/2024

CITY OF DETROIT
OFFICE OF INSPECTOR GENERAL

IN THE MATTER OF:

OIG CASE NO. 2018-0028-INV

DEN-MAN CONTRACTORS, INC.

The Administrative Hearing in the
above-captioned matter taken at 615 Griswold, Detroit,
Michigan before me, Suzanne Lynn Bonarek, Notary
Public in and for Wayne County, State of Michigan, on
Monday, May 20, 2024 at 9:50 a.m.

PRESENT:

ELLEN HA, Inspector General

KAMAU MARABLE, Deputy Inspector General

JENNIFER L. BENTLEY, Attorney

615 Griswold, Suite 1230

Detroit, MI 48226-3994

Appearing on behalf of the City of Detroit,

Office of Inspector General

Page 2

1 J. CHRISTIAN HAUSER, ESQ.
 2 Frasco, Caponigro, Wineman, Scheible,
 3 Hauser & Luttmann
 4 1301 West Long Lake Road, Suite 250
 5 Troy, MI 48098
 6 Appearing on behalf of Den-Man Contractors
 7
 8 ALSO PRESENT: David Holman
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Page 4

1 Detroit, Michigan
 2 Monday, May 20, 2024
 3 At or about 9:50 a.m.
 4 * * *
 5 INSPECTOR GENERAL: Today is Monday, May
 6 20th, 2024. For the record, this is an administrative
 7 hearing in the matter of the Office of Inspector
 8 General, from hereon will be referred to as the OIG,
 9 Investigative File Numbers 18-0028, 18-0033, 18-0049,
 10 and 23-0011-INV, pertaining to David Holman and
 11 Den-Man.
 12 Please note that in accordance with the
 13 OIG Administrative Hearing Rules, the court reporter
 14 here will be transcribing everything we say today.
 15 Before we begin, may I have appearances by
 16 everyone around the table.
 17 MR. HAUSER: Certainly.
 18 MR. HOLMAN: David Holman.
 19 MR. HAUSER: Christian Hauser, attorney for
 20 David Holman and Den-Man.
 21 INSPECTOR GENERAL: Ellen Ha, Inspector
 22 General.
 23 DEPUTY INSPECTOR GENERAL: Kamau Marable,
 24 Deputy Inspector General.
 25 MS. BENTLEY: Jennifer Bentley, OIG

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1 attorney.
 2 INSPECTOR GENERAL: I also have a couple of
 3 housekeeping matters that I need to put on the record.
 4 MR. HAUSER: Sure.
 5 INSPECTOR GENERAL: First, the record
 6 should reflect that we are holding this hearing in
 7 accordance with Section 7.5-311 of the 2012 Charter of
 8 City of Detroit, the City's Debarment Ordinance, and
 9 the OIG's Administrative Hearing Rules.
 10 The record should reflect that today's
 11 hearing is being held at the request of Mr. Holman and
 12 Den-Man, who are being represented by legal counsel
 13 today. As such, a written notice for the hearing was
 14 sent to Mr. Holman and Den-Man's attorney on April 15,
 15 2024 by via e-mail, as well as certified and regular
 16 mail.
 17 By way of context, between 2018 and 2023
 18 the City of Detroit Office of Inspector General opened
 19 five investigations pertaining to Den-Man Contractors
 20 involving demolitions for the Detroit Land Bank
 21 Authority. Of the five investigations, the OIG was
 22 able to close one investigation; and that is OIG File
 23 Number 18-0017-INV, which was published on March 22nd,
 24 2021. The remaining four as referenced previously
 25 stayed open pending the resolution of the underlying

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1 criminal prosecution against Mr. Holman and Den-Man.
 2 It is important to note that while the
 3 multiple criminal investigations were ongoing, which
 4 the OIG participated during the past six years, the
 5 OIG was not able to close those investigations until
 6 the resolution of the criminal investigations and
 7 subsequent prosecutions.
 8 On March 4, 2024 Mr. Holman pled no contest
 9 to felony false pretenses. This hearing, therefore,
 10 is for those four investigations that are still
 11 pending. These investigations will close sometime
 12 after today's hearing when the OIG issues its final
 13 report on the proposed debarments.
 14 The various allegations against Mr. Holman
 15 and Den-Man, pertaining to the use of unapproved
 16 backfill material and fraudulent invoicing involving
 17 David MacDonald, a former employee of Den-Man, who
 18 also pled guilty to felony false pretenses on
 19 January 26, 2024.
 20 On April 2nd, 2024 the OIG issued a draft
 21 Debarment Report pertaining to David Holman, Den-Man
 22 and David MacDonald. The draft report, which was sent
 23 to Mr. Hauser and Mr. Holman and Mr. MacDonald prior
 24 to the hearing, details the reasons the OIG has
 25 initiated debarment proceedings against Mr. Holman,

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1 Den-Man and David MacDonald.
 2 To avoid any misunderstanding or confusion
 3 about the hearing today, I shall now state the purpose
 4 of today's hearing.
 5 First, it is important to note that this
 6 hearing is not for the OIG to present or defend or
 7 discuss any of its findings contained in the draft
 8 report.
 9 Second, this is not a legal or an
 10 adversarial proceeding; therefore, neither the
 11 Michigan Court Rules nor the Rules of Evidence apply
 12 to this proceeding. The only rule that applies at
 13 this hearing are the OIG's Administrative Hearing
 14 Rules, a copy of which was previously sent to
 15 Mr. Hauser.
 16 The sole purpose of the hearing is to
 17 provide Mr. Holman and Den-Man an opportunity to
 18 dispute any factual findings made against Mr. Holman
 19 and Den-Man in the OIG's draft Debarment Report
 20 dated April 2nd, 2024; so that Mr. Holman or
 21 Den-Man may present additional evidence and/or
 22 new evidence related to the findings detailed in
 23 the draft Debarment Report that would either
 24 support a reversal in whole or in part, or to make
 25 corrections of the OIG's findings made in the

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1 draft report.
 2 After the hearing today the OIG will
 3 re-review and consider all the testimonies and
 4 evidence provided to date, including what was
 5 presented today, and make the necessary changes or
 6 adjustments, if any, to the draft report before we
 7 issue the final report.
 8 In the event the OIG has additional
 9 questions or require additional documents after
 10 today's hearing, we will do so before the final report
 11 is issued.
 12 The final report, which will be published
 13 on the City -- on the OIG's website will include the
 14 following:
 15 The OIG's final report on the debarment. A
 16 copy of any documents submitted during this hearing,
 17 including any substantive correspondences between the
 18 OIG and Mr. Holman and Den-Man or their attorney. A
 19 copy of the transcript of today's hearing, and all
 20 exhibits submitted and marked today.
 21 Mr. Holman and Mr. Hauser, do you have any
 22 questions about what I just said, or have any concerns
 23 that you wish to put on the record before we begin?
 24 MR. HAUSER: I do not. Mr. Holman?
 25 MR. Holman: No, I do not.

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1 MR. HAUSER: Thank you.
 2 INSPECTOR GENERAL: Okay, otherwise, I would
 3 ask the court reporter to swear in the witness.
 4 D A V I D H O L M A N
 5 having first been duly sworn to tell the truth, was
 6 examined and testified upon his oath as follows:
 7 INSPECTOR GENERAL: Mr. Hauser, the floor
 8 is all yours.
 9 MR. HAUSER: Thank you very much, Ms. Ha.
 10 BY MR. HAUSER:
 11 Q Okay. Mr. Holman, would you state your name, for the
 12 record, please.
 13 A David Holman.
 14 Q Okay. And, you know, before we get going here and
 15 before we start going through the documents, do you
 16 mind telling the Inspector General a little bit about
 17 Den-Man as a company and your involvement in that
 18 company.
 19 A Sure, yes. My father started the business in the
 20 '70's basically as a cement company. You know, so he
 21 moved to Detroit in the late '60's from Tennessee in
 22 search of work and found a job as a laborer, and
 23 worked his way to a position where he could start his
 24 own business. And that's how Den-Man was essentially
 25 founded, you know, through hard work.

1 And, you know, he was a cement contractor
2 into the '80's and '90's, and that's where I began my
3 work with him learning the trades. My initial
4 experience was learning how to pour concrete and do
5 cement finishing.

6 And that's kind of where I focused all of
7 my energies, you know, until early 2000's. And then
8 we started getting into other types of work;
9 excavation work, demolition work, trucking, utility
10 work, stuff of that nature, which is what we presently
11 do now.

12 But the company, you know, has grown over
13 the years, you know, with the skill set, you know,
14 really which comes from doing cement work, which was
15 how the company was founded.

16 Q How many employees are at Den-Man?

17 A Right now approximately 40.

18 Q Forty. And, just to give a recap, what kind of work
19 does Den-Man typically perform?

20 A Currently we're doing excavation work, grading, water
21 and sewer, demolition work, concrete work and
22 trucking.

23 Q Okay. And the work that Den-Man performs, is that for
24 private owners -- when I say private owners, meaning
25 non-public entities, or is it for municipalities?

1 in the amount of 4.7 million dollars. There's
2 obviously more than 4.7 but that's a rough number,
3 4.7, right?

4 A Yes.

5 Q You were also required to pay 1.25 million restitution
6 before sentencing on April 12th, '24. Do you see that?

7 A I do.

8 Q And make monthly payments of a thousand dollars
9 towards restitution, right?

10 A Correct, yes.

11 Q Okay. So a couple things here. Have you completed
12 your probation?

13 A I was never on probation.

14 Q Okay. And did you perform community service?

15 A I did.

16 Q And how many hours of community service did you
17 perform?

18 A Over a hundred.

19 Q And when was that completed?

20 A I want to say April 16th or so.

21 Q Okay. So shortly after sentencing?

22 A Yes.

23 Q Okay. Did you make any restitution payments?

24 A I did.

25 Q And how much have you paid back in restitution?

1 A Primarily for private ownership, mostly residential
2 work.

3 Q Okay. All right. So you have a copy of the OIG
4 report, the draft report, dated April 2nd, 2024?

5 A Yes.

6 Q Okay. I'm going to walk you through some of this.
7 I'm going to make references to page numbers, okay, --

8 A Okay.

9 Q -- so if you follow along.

10 A Yes.

11 Q And I want to just double check and clarify a couple of
12 things.

13 So if we go to Page 1 of 35, the second
14 paragraph, the first sentence states on March 4th,
15 2024 Mr. Holman pleaded no contest to felony false
16 pretenses. Is that accurate?

17 A No.

18 Q And what is inaccurate about that?

19 A I did not plead to a felony.

20 Q And what did you plead no contest to?

21 A To a misdemeanor.

22 Q Okay. And it states that you were sentenced to
23 probation and community service. Do you see that?

24 A Yes.

25 Q Okay. And you were also required to pay restitution

1 A 1.25 million, plus another 12,000.

2 Q Okay. Was the 12,000, was that for a year in advance;
3 how did that work?

4 A That was -- that was the next 12 installments of the
5 thousand dollars a month.

6 Q Okay. So you paid 1.25 million and you've already
7 paid a year's worth of restitution?

8 A Yes.

9 Q Okay.

10 MS. BENTLEY: Just one quick question, or
11 clarification. So when you -- on the day you went to
12 court and pled no contest, it was to a felony but it
13 was reduced to a misdemeanor after you completed all
14 your work -- all the requirements; isn't that correct?

15 THE WITNESS: No. I believe it was a new
16 charge of a misdemeanor was the final court action.
17 The initial felony was never pled to.

18 MS. BENTLEY: Okay.

19 MR. HAUSER: And I can give you guys
20 afterwards the sentencing from the criminal lawyer who
21 handled that.

22 MS. BENTLEY: I have that.

23 MR. HAUSER: Oh, do you have it? Okay,
24 yeah.

25 MS. BENTLEY: I have that.

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1 MR. HAUSER: All I know is that it was
 2 never a felony that he had pled no contest to.
 3 INSPECTOR GENERAL: Can I just ask --
 4 MR. HAUSER: Of course you can.
 5 INSPECTOR GENERAL: When did you finish
 6 your community service?
 7 THE WITNESS: I was like 95 hours leading
 8 up to court and they allowed me to complete it the
 9 following week after. I'm going to say April 15th,
 10 April 16th, something like that.
 11 INSPECTOR GENERAL: Okay.
 12 Q (Continuing by MR. HAUSER): So, if I understand, you
 13 had 95 hours in the bank. At the day of sentencing --
 14 A Yeah.
 15 Q -- you had five or four more to go and they let you
 16 finish those next four --
 17 A Yes.
 18 Q -- afterwards?
 19 A We already had it scheduled.
 20 Q Okay.
 21 MS. BENTLEY: Which is why the probation
 22 did not end up kicking.
 23 MR. HAUSER: Correct, yeah.
 24 Q (Continuing by MR. HAUSER): Okay. So let's shift now
 25 to -- we'll work backwards here -- Den-Man's involvement

Page 15

1 in the HHF program, which is why we're here today.
 2 Okay?
 3 All right. So in 2014 and '15 or 2016 was
 4 Den-Man demolishing residential structures in the
 5 City of Detroit HHF program?
 6 A No.
 7 Q Okay. And can you give me a rough idea when Den-Man
 8 started to demolish structures in the Detroit HHF
 9 program?
 10 A Fall of '17.
 11 Q Fall of '17. And what was the reason that you started
 12 to get -- when I say you, I'm talking Den-Man as the
 13 company. When did Den-Man start to get involved in
 14 that HHF, or why; what was the catalyst?
 15 A We had hired an employee, David MacDonald, to
 16 supervise, manage and establish Den-Man into the
 17 program. He was already familiar with the protocols
 18 of the program and he was hired to establish that at
 19 Den-Man. So that would be the reason why we were
 20 involved.
 21 Q Okay. And do you know if Mr. MacDonald was working
 22 anywhere before he started to work at Den-Man?
 23 A He was.
 24 Q Do you know where?
 25 A I believe he was working at Decommissioning Services,

Page 16

1 I think is where he was employed at.
 2 Q Okay. And concerning this HHF program, did you have
 3 any involvement in the day-to-day operations of the
 4 demolition of sequencing; meaning, did you work
 5 hand-in-hand with Mr. MacDonald?
 6 A No. I already had a cement crew that I was running.
 7 I had other jobs that we were already doing. So
 8 Mr. MacDonald was hired in essence to manage, direct,
 9 communicate with the city, deliver a finished product.
 10 That was the understanding we had before he was hired,
 11 while he was hired, while he was employed here. That
 12 was -- that was the situation.
 13 Q Okay. Now, you certainly saw him at the office, right?
 14 A Yes.
 15 Q Okay. And did you ever have conversations with him
 16 about kind of, you know, what was happening in the
 17 program?
 18 A Just general in nature. You know, there was -- he, he
 19 was responsible for the coordinating and scheduling.
 20 And there was sometimes some crossover between the
 21 excavation site work where we would coordinate a
 22 little bit, but it was general in nature.
 23 Q Okay. I'd like you to turn to Page 7 of 35 in the
 24 OIG draft report, if you don't mind. I need to
 25 clarify a few points here.

Page 17

1 So in the footnote note Number 37, and then
 2 in some other parts here on Page 7, reference is made
 3 to an individual named Andy O'Brien.
 4 A Uh-huh.
 5 Q Do you know who Andy O'Brien is?
 6 A I know of him.
 7 Q And how do you know of him?
 8 A Through Dave MacDonald. Andy O'Brien was somebody he
 9 had dealt with prior to working at Den-Man, and it was
 10 a contact that he had.
 11 Q Okay. Back in 2017 or '18 did you ever speak to Andy
 12 or anyone at Danny's about providing backfill for
 13 these projects?
 14 A No.
 15 Q And did you ever speak to Andy, or anyone at Danny's,
 16 about any other project involving Den-Man?
 17 A No.
 18 Q Okay. Have you ever met Andy O'Brien in person?
 19 A He came in the office one time to talk to Dave
 20 MacDonald. That's the only time I ever saw him.
 21 Q Okay. And you've never spoken to him in 2024?
 22 A No.
 23 Q '23?
 24 A No.
 25 Q '22 or '21?

1 A No.
 2 Q Okay. Would you turn to Page 10 of Number 35 for me,
 3 please.
 4 Okay. So on Page 10 there's a reference at
 5 the top of the page there where it talks about -- it
 6 says in 2017 and '18 there were numerous training logs
 7 signed by Mr. MacDonald acknowledging his presence at
 8 the meetings. And it says Mr. Holman began attending
 9 these meetings in late '18 and '19, as evidenced by
 10 the training logs.
 11 Why did you start to attend those training
 12 logs -- or, I'm sorry, those contractor meetings?
 13 A Out of necessity, a representative of the company was
 14 supposed to attend a meeting every -- bimonthly
 15 meeting that they had. Dave MacDonald was attending
 16 that on behalf of the company when he was employed.
 17 When he all of a sudden up and left, there was
 18 nobody else in the office that could at the time go
 19 to those meetings, so I was required to do so as a
 20 necessity.
 21 Q Okay. When did Mr. MacDonald stop working at Den-Man,
 22 do you recall?
 23 A I want to say right around middle of September of '18.
 24 Q Okay. So if I understand what you said, you started
 25 to attend the meetings after Mr. MacDonald was no

1 so forth.
 2 Q Let me ask you a question. While Mr. MacDonald was
 3 employed at Den-Man, did you have access to the dirt
 4 platform that was utilized by the Land Bank or the
 5 DBA?
 6 A No. That was his log-in and I never went on it until
 7 well after he was gone from the company.
 8 Q Okay. And what about Salesforce, did you have access
 9 to Salesforce while Mr. Den-Man -- I'm sorry, while
 10 Mr. MacDonald was employed by Den-Man?
 11 A I never went on it while he worked there. I didn't
 12 have the log-ins. I was unfamiliar with the program
 13 for at least a month or so after he was gone.
 14 Q Okay. And so to the extent that you started to get
 15 more e-mails from the Land Bank and the Detroit
 16 Building Authority, those came with more frequency
 17 after Mr. MacDonald left?
 18 A Yes. He was -- there was an e-mail between maybe Tom
 19 Fett had helped with setup removing Dave MacDonald
 20 from the e-mail chain and putting me on all the new
 21 e-mails that -- anything that pertained to the work.
 22 Q Gotcha. Okay. Would you turn to Page 11 of that
 23 report, please. We talked about this just a moment
 24 ago, but I want to just double check here.
 25 On Page 11 of the OIG report they make

1 longer employed by Den-Man?
 2 A Correct. That is correct.
 3 Q Okay. Did you ever attend the meetings while
 4 Mr. MacDonald was an employee of Den-Man?
 5 A Maybe one or two just at a whim. There's really no
 6 rhyme or reason or -- you know, it was more or less
 7 his responsibility to go.
 8 Q Okay. If you look at that first paragraph, there's
 9 another sentence that says between '17 and '19, those
 10 years 2017 and 2019, there were also various e-mails
 11 from the Land Bank and the DBA to Mr. Holman, the
 12 Den-Man company e-mail and Mr. MacDonald reiterating
 13 the requirements for HHH and non-HHH demolitions.
 14 Can you expand a little bit on the e-mails
 15 that you received or that you were privy to, if any?
 16 A I mean I was just on general e-mails with the city.
 17 Anything that was project specific or pertained to
 18 questions during the work or with any administrators
 19 with the city, that was more or less between Dave
 20 MacDonald and that person.
 21 I was not in a critical capacity of the job
 22 so I wasn't a decision maker. Mr. MacDonald, Dave
 23 MacDonald, would have had the direct communications
 24 with anybody that was administrating the program,
 25 overseeing the program, inspecting the work, so on and

1 reference to, it's the bullet point right there, --
 2 A Okay.
 3 Q -- second from the bottom. It says August 2nd, 2018
 4 the OIG interviewed a representative from Danny's who
 5 stated that Danny's provided backfill to Den-Man on
 6 numerous occasions, and Den-Man did not compensate
 7 Danny's for the dirt or labor costs.
 8 INSPECTOR GENERAL: What bullet point?
 9 MR. HAUSER: Second bullet point on Page 11
 10 at the very bottom, second from the bottom.
 11 INSPECTOR GENERAL: Okay.
 12 MR. HAUSER: Yep.
 13 Q (Continuing by MR. HAUSER): And there's a footnote
 14 there, it says 67, and it says OIG interview of Danny's
 15 transport manager, Andy O'Brien.
 16 A Okay.
 17 Q Just again, I want to be very clear, your testimony a
 18 bit ago was you never dealt with Andy O'Brien while
 19 MacDonald was employed?
 20 A No, sir.
 21 Q And you haven't spoken to him?
 22 A No.
 23 Q The only time you saw him was at your office when he
 24 was there to talk with MacDonald?
 25 A That is correct.

1 Q Okay. Would you mind turning to Page 18 of the
 2 OIG report, please.
 3 INSPECTOR GENERAL: 18?
 4 MR. HAUSER: Yes, ma'am.
 5 Q (Continuing by MR. HAUSER): And this would be
 6 referencing Case Number 18-0033-INV. And this refers
 7 to the dirt that was on the properties. Do you
 8 remember that?
 9 A Yeah, I do, yes.
 10 Q Okay. What was -- do you remember roughly that issue?
 11 A I believe there was some illegally dumped dirt at four
 12 lots that, you know, could not be pushed in the hole.
 13 It ended up in the hole unbeknownst to me and the dirt
 14 had to be removed and replaced.
 15 Q Do you know if the Detroit Building Authority issued
 16 any type of stop work notice to you regarding that
 17 issue?
 18 A They did a stop work order corrective action letter,
 19 something of that nature.
 20 Q Okay. And did Den-Man have to respond to that letter?
 21 A We did, yes.
 22 Q And what did Den-Man do in response to that letter?
 23 A We had to follow the protocol of testing and removing
 24 the soil, replacing it and getting re-inspection and
 25 final inspection.

1 Exhibit 1, if that's okay.
 2 Q (Continuing by MR. HAUSER): With respect to the
 3 cleanup as it pertains to Case Number 18-0033-INV,
 4 did Den-Man incur money out of its pocket, out of
 5 its corporate account, to address this issue?
 6 A Yes, yes.
 7 Q Do you know roughly how much?
 8 A I would say 10 to \$15,000, somewhere in that range.
 9 Q Okay.
 10 A For this one here.
 11 Q Okay. If you would turn to Page 18 of the OIG report,
 12 I think you've got it in front of you. There's a
 13 second paragraph, and the second paragraph, it starts
 14 with Mr. Holman, through his attorney. And then
 15 there's a sentence here, and I'm going to read it for
 16 you.
 17 It says in fact evidence shows that
 18 Mr. MacDonald continued to assist Den-Man with
 19 backfill after he left Den-Man's employment on
 20 September 14, 2018. Do you see that?
 21 A I do, yes.
 22 Q Okay. Can you clarify that sentence, please, and add
 23 some context to it.
 24 A Yeah, for sure. So on a Sunday night he quit via text
 25 message out of the blue. And so, therefore, Monday

1 Q Okay. So I'm going to hand you two letters; one's
 2 dated May 18th, 2018 and one's dated June 22nd, 2018.
 3 I'll have you take a look at that for just a moment.
 4 MR. HAUSER: I can let you look at that for
 5 just a second.
 6 MS. BENTLEY: Okay.
 7 MR. HAUSER: Then I'll make sure that gets
 8 put into the record.
 9 A Okay. All right.
 10 Q (Continuing by MR. HAUSER): So those two letters, can
 11 you tell me what they are?
 12 A I believe this one was where there was some dirt
 13 dumped on a lot on Kendall.
 14 Q Right.
 15 A Okay.
 16 Q And then there was another letter behind that, too.
 17 A Okay. Yes, okay. This is a closeout of corrective
 18 action plan. It's updated stop work order. So this
 19 looks like it would have been issued after the cleanup
 20 of the dirt was completed and everything satisfied
 21 an inspection.
 22 Q Okay. Thank you.
 23 INSPECTOR GENERAL: Do you want to mark
 24 that?
 25 MR. HAUSER: Yes. I'm going to mark this

1 morning I was thrust into all of a sudden now managing
 2 this program that I was completely unfamiliar with to
 3 the level of running it on a day-to-day as an
 4 operation.
 5 So he said he would help me for as long as
 6 I needed his help. And so he did help me for a short
 7 period of time, but I knew nothing about how to run
 8 this, who to communicate with, who the people were at
 9 the city I had to deal with, e-mails I had to send
 10 up front, the information that had to be put into
 11 Salesforce, the billing. I didn't know any of that
 12 stuff.
 13 So all of a sudden I'm thrust from just not
 14 managing my other excavation business, now I'm dealing
 15 with these contracts that still had to be completed.
 16 So it was a lot, a lot to take on in a short amount of
 17 time. And, frankly, I needed his help because I didn't
 18 know what to do.
 19 Q And for how long did Mr. MacDonald continue to assist
 20 you for this part of the process?
 21 A Maybe a week, two at the most, you know, yeah.
 22 Q When's the last time you've spoken to Mr. MacDonald?
 23 A Maybe October of '18.
 24 Q Okay. So you haven't had any conversations with him?
 25 A No.

1 Q For five and a half years?
 2 A No.
 3 Q Okay.
 4 A None.
 5 Q Have you seen him?
 6 A No.
 7 Q Okay. Has he called you?
 8 A No.
 9 Q Okay. Would you go to Page 20 of the OIG report,
 10 please. Page 20, we're dealing with -- just some
 11 context, this would be OIG Case Number 18-0049-INV.
 12 And I'll refer to this as the investigation the
 13 OIG opened as it pertains to the demolition of
 14 14444 Flanders, F-L-A-N-D-E-R-S.
 15 A Okay.
 16 Q Are you familiar with that property?
 17 A I am.
 18 Q Okay. What's your familiarity with that?
 19 A That was a house that was demolished prior to the
 20 asbestos being removed. You know, that's what
 21 happened there.
 22 Q All right. Let's look at Page 20 here. The
 23 second sentence right under Number 3, it says
 24 OIG Analysis and Findings. Do you see that?
 25 A Okay.

1 issued?
 2 A No, the house shouldn't have been demolished. And
 3 there was no reason to knock it down financially as
 4 you can't do it.
 5 Q In fact, Den-Man didn't even get compensated for this
 6 house?
 7 A No, no.
 8 Q Let me ask you a couple questions here. Prior to July
 9 of 2017, when Mr. MacDonald became employed by you, by
 10 Den-Man, had Den-Man ever been issued a citation or a
 11 violation, whether from a city, a state or some
 12 department like EGLE?
 13 A Never.
 14 Q Okay. And since Mr. MacDonald left Den-Man's employ,
 15 has Den-Man received a citation or a violation notice
 16 from any city, state or department like EGLE?
 17 A No.
 18 Q Okay. I'm going to hand you what we're going to mark
 19 as Exhibit Number 2. I'll let you look at that for
 20 just a second first before I mark it.
 21 I'm going to mark -- so I've got a letter
 22 from Tim Palazzolo dated October 30th, 2018 from
 23 Tom Fett and it's marked as Exhibit 2. Could you take
 24 a look at that for me, please.
 25 A Okay.

1 Q And then we'll go to the second sentence. It says
 2 Mr. MacDonald disregarded notifications from the
 3 abatement subcontractor that the property had not been
 4 abated, okay.
 5 And then it goes down to the next paragraph,
 6 the second -- or the first sentence, it says,
 7 Mr. Holman, at a minimum, failed to provide the proper
 8 supervision for the demolitions completed by his
 9 company. The lack of oversight in this instance is
 10 yet another issue created solely by Den-Man, okay.
 11 So let's talk just a few minutes about some
 12 Den-Man corporate policy. At the time this house was
 13 knocked down improperly, what was Den-Man's policy
 14 regarding demolitions or work in general?
 15 A Well, in general with demolition, you know, you're
 16 going to follow any environmental guidelines, permit
 17 requirements, standard construction practices. We
 18 just do that to this day. I mean there's no way that,
 19 you know, he would authorize or allow somebody to tear
 20 down a house improperly for any type of gain.
 21 I mean I don't know how this happened other
 22 than somebody else was scheduling this job to be done,
 23 unbeknownst to me the situation of the property.
 24 Q Was there any type of economic gain or benefit by
 25 knocking this house down prior to the PAV being

1 Q Have you seen this document before?
 2 A I have.
 3 Q Okay. Can you read the first paragraph into the
 4 record for me, please.
 5 A It says please be advised that the based on the below
 6 facts, it appears that Den-Man Contractors,
 7 specifically Dave MacDonald, demolished a structure at
 8 14444 Flanders knowingly without the property being
 9 abated.
 10 Q Okay. And you've seen this, right?
 11 A Yes.
 12 Q Okay. And if you take a quick look through here, if
 13 you go to the very last page, under Number 5, it
 14 says that Tim Palazzolo contacted you to inquire if
 15 you knew about this project; is that right?
 16 A Yes.
 17 Q Can you summarize your conversation with
 18 Mr. Palazzolo, please.
 19 A Yes. I mean we acknowledged the property was
 20 demolished on September 13th of 2018. Dave MacDonald's
 21 last day of work was September 14th, 2018. When asked
 22 about the property, subject property being demolished,
 23 I acknowledged it may had been demolished without the
 24 removal of asbestos. Once I became aware of the
 25 situation, you know, therefore, you know, we had to

1 check and get the correct information --
 2 Q Okay.
 3 A -- to him.
 4 Q I'm going to hand you what I'm going to mark as
 5 Exhibit 3, and this is e-mail from you to Mr. Fett and
 6 his response. I'll have you take a look at it while
 7 they're circulating it.
 8 Have you seen this e-mail before?
 9 A Me, yes.
 10 Q Okay. And you wrote it, right?
 11 A Yes.
 12 Q Okay. At the second part -- what's the date of that
 13 e-mail?
 14 A Tom's is --
 15 Q Well, you wrote him first, I think, right?
 16 A Yeah. Let's see. October 26, 2018.
 17 Q Okay. What does your e-mail say to Mr. Fett?
 18 A Tom, I regret to inform you that 14444 Flanders may
 19 have been wrecked and completed without removal of
 20 asbestos. David MacDonald, who was in charge of my
 21 demolition operation and scheduling, demolished this
 22 house on 9-13-2018. His last day of work was
 23 9-14-2018. I have no knowledge of any abatement work
 24 that was done prior to demolition.
 25 I was unaware that this job was scheduled

1 Exhibit Number 4. Can you go through, there's a
 2 couple different documents, but if you don't mind
 3 reading them into the record, please.
 4 A Okay. So on the first page is a Notice of Termination
 5 for Consent Order Judgment. This document is one that
 6 we received after the term of --
 7 Q Sure, and I'll go through that for you.
 8 A Okay. All right, this here would be the Consent
 9 Order.
 10 Q And you're looking at the third page, right, which is
 11 the Consent Order entered into between EGLE and
 12 Den-Man, right?
 13 A Correct, yes.
 14 Q Okay. And how many pages is that?
 15 A One, two, three, four, five, six, seven.
 16 Q Okay. So if we go to the third page, this is a
 17 Stipulation for Entry of Final Order by Consent. Do
 18 you see that?
 19 A Yes.
 20 Q Do you remember entering into this with EGLE?
 21 A I do.
 22 Q And what was the basis of the violation that EGLE
 23 issued against Den-Man?
 24 A It was for demolishing the house without removing --
 25 the house at Flanders, 14444 Flanders, without

1 or completed until after Dave MacDonald had left.
 2 Please let me know what to do next.
 3 Q Okay. And Mr. Fett responded, correct?
 4 A He did.
 5 Q And what did he say?
 6 A Dave, thank you for your honesty and transparency as
 7 we all try to work through the properties with issues
 8 that you are dealing with. I will keep you updated on
 9 this matter as new information becomes available.
 10 Q Do you know if the Land Bank or the Detroit Building
 11 Authority ever took any action against Mr. MacDonald
 12 for this property?
 13 A I think he was suspended for a period of time. And
 14 I'm not sure how that all was resolved.
 15 Q Okay. As a result of this demolition, did Den-Man
 16 receive a notice of violation from EGLE?
 17 A I did.
 18 Q Okay. I'm going to hand you what we're going to mark
 19 as Exhibit Number 4. And I'll pass this around for
 20 counsel to look at for just a second.
 21 And while they're looking at it, would you
 22 take a look at this, please.
 23 A Okay.
 24 Q While they're still looking at it, would you state --
 25 for the record, I handed you what we've marked as

1 removing the asbestos.
 2 Q Right. And so let's take a look at Paragraph
 3 Number 14. Do you see that?
 4 A Yes.
 5 Q And do you recall the economic settlement amount that
 6 you had to pay as a result of this violation?
 7 A Yes, \$5,000.
 8 Q Okay. And did Den-Man in fact pay that?
 9 A We did.
 10 Q Okay. And then was there a term that was also in
 11 place as to future compliance for any other violations
 12 in the future?
 13 A Yes. I believe it was three years cannot have any
 14 further violations. Basically, was on probation with
 15 them for a term of three years, I believe.
 16 Q Right. Can you look at, it would be under -- I just
 17 lost it. So numbered Paragraph 15 -- well, hang on,
 18 I'll get to that part here. But it was under
 19 Section 19. The first line of Paragraph 19, what
 20 does that say?
 21 A The Consent Order shall remain in full force and
 22 effect for a period of at least three years.
 23 Q Okay. And then go back to Paragraph 15 for me. And
 24 it states if the company fails to comply with this
 25 order, it agrees to \$1500 per violation in the future,

1 right?
 2 A Correct. Yes.
 3 Q Okay. So you paid the 5,000 bucks?
 4 A Uh-huh.
 5 Q And this was in effect for three years?
 6 A Yes.
 7 Q During that three-year probation time, or while this
 8 was in effect, were you -- when I say you, was Den-Man
 9 subject to any subsequent violations from EGLE?
 10 A No.
 11 Q Okay. And go to the first page for me, please. And
 12 you received the letter on September 14th, 2022?
 13 A Yes.
 14 Q Okay. And what's this letter?
 15 A It says Notice of Termination for Consent Order.
 16 Q Okay. And this is EGLE telling you that the Consent
 17 Judgment, you satisfied it and you're done, right?
 18 A Yes.
 19 Q I'm going to hand you what we're going to mark as
 20 Exhibit Number 5. I'll hand a copy to counsel.
 21 As a result -- while they're looking at
 22 that, as a result of knocking down the Flanders
 23 property, was Den-Man also subject to sanctions by the
 24 City of Detroit?
 25 A I believe I did have a stop work order possibly from

1 A Yes.
 2 Q Okay. And then behind that is a settlement agreement.
 3 Do you see that?
 4 A Yes.
 5 Q Okay. Would you go to the very last two pages of
 6 that. In the legal vernacular we call this signing by
 7 counterparts. So on the Page 7, the first Page 7,
 8 who is it signed by?
 9 A Right there, David Holman.
 10 Q Okay, that's the second one. Let's go to the first
 11 one.
 12 A Okay.
 13 Q Who's that signed by?
 14 A Tyrone Clifton.
 15 Q On behalf of whom?
 16 A Detroit Building Authority.
 17 Q And the second signature page is who?
 18 A David Holman.
 19 Q Okay. And that's you, right?
 20 A Yes.
 21 Q Okay. All right. So do you remember why Den-Man
 22 entered into this settlement agreement; does it
 23 refresh your recollection?
 24 A Yes. I believe that we were trying to resolve the
 25 situation where I couldn't bid on contracts, I was

1 that.
 2 Q Okay. And there was a hearing where Den-Man was
 3 suspended for 355 days. Do you remember that?
 4 A Yes, I do.
 5 Q Okay. And do you recall a subsequent court proceeding
 6 involving this particular project?
 7 A I do, yes.
 8 Q Okay. So I'm going to hand you what we're going to
 9 mark as Exhibit Number 5. And we're going to go
 10 through this just a little bit, if that's okay. All
 11 right. So take a moment. I'm going to let counsel
 12 continue to review their document.
 13 So while you're looking, I've handed you a
 14 few documents, okay. The first two pages are a
 15 stipulated order in the Wayne County case. And then
 16 attached to that is the former form that they used to
 17 use in the Detroit Building Authority that talks about
 18 the violation notice. And you'll see on Page 2 of 3,
 19 it talks about this was your third violation, --
 20 A Okay.
 21 Q -- right?
 22 And, as a result, you were suspended for
 23 355 days, right?
 24 A Uh-huh. Yes.
 25 Q Is that a yes?

1 suspended, and this was, you know, a way to do that.
 2 Q Okay. And you ultimately ended up settling with the
 3 City of Detroit as it pertains to Flanders, correct?
 4 A Yes.
 5 Q And were you, as part of the settlement, allowed to go
 6 and continue to work and to re-bid on demolition
 7 projects?
 8 A I was, yes.
 9 Q Okay. Can you turn to the second page, please. And
 10 that was via a court order; is that right?
 11 A That's right, yes.
 12 Q If you go to the third part there, what's that say?
 13 A It says it is further ordered that plaintiff may bid
 14 on demolition projects as permitted by the
 15 determination of the Demolition Contractors Appeal
 16 Board on August 20, 2019 pursuant to Exhibit A.
 17 Q Okay. And let me ask you a question, though. After
 18 David MacDonald stopped working for Den-Man on
 19 September 14th, 2018 did Den-Man ever bid on another
 20 HHF project?
 21 A No.
 22 Q Okay. And it hasn't to date?
 23 A No.
 24 Q Okay. Would you turn to Page 5 of the settlement
 25 agreement for me, please. And I'll have you look at

1 Paragraph Number 3. And what's that say?
 2 A No admissions, nothing contained herein shall be
 3 construed as an admission of liability or as an
 4 acknowledgement of wrongful conduct of the party of
 5 any party hereto.
 6 Q On the part of any party?
 7 A On the part of any party --
 8 Q No worries.
 9 A -- hereto.
 10 Q Okay. All right. So let's go back to -- we're done
 11 with this. I'm going to keep these in order.
 12 So if you would go to Page 20 of the
 13 OIG report. You might be there. And again I want to
 14 make sure that the record is clear with the report.
 15 On the very last sentence, it states
 16 further, Mr. MacDonald continued to assist Den-Man
 17 with backfill after he left Den-Man's employment on
 18 September 14th, 2018.
 19 You testified a little bit ago the
 20 necessity as to why you needed him and it lasted a
 21 week or so?
 22 A Yes.
 23 Q Is that your same answer as it pertains to this
 24 sentence?
 25 A Yes.

1 Q Okay. So the dirt that you were referencing in that
 2 particular text messages was sourced from a playground
 3 that kids were playing on?
 4 A That's 100 percent accurate.
 5 Q Okay. Let's go to --
 6 A Yeah. Nobody ever asked me that in the past, either.
 7 Q Okay. Let's go to Page 30 of the OIG report, if you
 8 don't mind. And the first full paragraph talks about
 9 on October 3rd you sent a text message to
 10 Mr. MacDonald advising him that you had backfill from
 11 Hoover and 696 for use.
 12 A Uh-huh.
 13 Q And it says this text was sent during the time that
 14 the 696 road construction project was taking place.
 15 Do you see that?
 16 A Yes.
 17 Q Okay. So let's clarify this for a second. Was
 18 Den-Man doing any work on the 696 project at the time
 19 this text message was sent?
 20 A No.
 21 Q Okay. Can you clarify this Hoover and 696 reference
 22 for me?
 23 A The dirt came from a site off of Hoover, south of 696.
 24 Sometimes truck drivers just put a general area on the
 25 ticket. They don't -- maybe there's no address

1 Q Okay. And the other part here, it says -- go back
 2 to Paragraph -- to Page 20. It says in fact
 3 Mr. Holman provided information to the DBA regarding
 4 the Flanders property only after he was questioned by
 5 Mr. Fett; is that accurate?
 6 A Yes.
 7 Q But is it accurate because you didn't know about it
 8 until he brought it to your attention?
 9 A It's accurate because the whirlwind of events that I
 10 was thrust into upon MacDonald leaving, plus the other
 11 aspects of my business that I had to put attention to,
 12 did not grant me the understanding of this situation
 13 in its entirety until later in time.
 14 Q Sure. Okay. Would you turn to Page 29 of that draft
 15 report, please. And at the bottom there's a paragraph
 16 that states on September 29th, 2017 Holman texted
 17 MacDonald about another category three backfill source,
 18 it says. Mr. Holman informed Mr. MacDonald that he
 19 had TACOM dirt for use at demolition sites. Do you
 20 see that?
 21 A Yes.
 22 Q What's the work that you were doing at TACOM? When I
 23 say you, what's the work Den-Man was doing at TACOM?
 24 A We were re-building the playground at the daycare at
 25 the base.

1 affixed to the site, so they don't -- they just put
 2 some kind of an indicator of the location --
 3 Q The primary crossroads?
 4 A -- approximate, yes.
 5 Q Okay. All right. So, to be clear, -- and you're under
 6 oath, and I want to make sure this is very, very, you
 7 know, out there. You were not -- when I say you,
 8 Den-Man was not working on the 696 project?
 9 A Never, no.
 10 Q You were not working on the service drive project?
 11 A No.
 12 Q So this dirt that you're referencing in this text
 13 message came from a private site --
 14 A Yes.
 15 Q -- off of Hoover Road?
 16 A That is correct.
 17 Q Okay.
 18 MS. BENTLEY: Was that residential?
 19 THE WITNESS: It was a vacant piece of land
 20 so I don't know what the prior use of it was.
 21 Q (Continuing by MR. HAUSER): Okay. Page 30 it talks
 22 about Holman -- that you were coordinating backfill
 23 for use. Can you tell us a little bit about, you
 24 know, your involvement when it came to coordinating
 25 backfill and how you were involved?

1 A Essentially, if somebody contacted me that they had
2 dirt for possible use, I directed them to Dave
3 MacDonald. I did not know on a daily basis where the
4 backfills were taking place, what holes had passed
5 inspections. I was more or less running another arm
6 of the company and I just directed these inquiries to
7 MacDonald.

8 Q Okay. So I've got a question for you, and then I
9 guess I'd like to maybe just make a closing.

10 MR. HAUSER: Is that all right, --
11 INSPECTOR GENERAL: Yes.
12 MR. HAUSER: -- am I allowed to make a
13 summation? Okay.

14 Q (Continuing by MR. HAUSER): So, David, this has
15 clearly cost you a significant amount of money, right?
16 A It has, yes.
17 Q Cost you a significant amount of stress and anxiety?
18 A No doubt, yes.
19 Q Okay. Then I guess the question I have for you
20 finally is why would you come here today?
21 A Well, I think it was important that you all see me.
22 And I didn't want to hide behind a piece of paper that
23 Christian put together. I wanted you to hear the
24 words out of my mouth and know that I'm not this
25 person that's trying to create chaos in the city.

1 INSPECTOR GENERAL: Sure.
2 MR. HAUSER: -- in your OIG report. And,
3 you know, we've gone through it and I've gone through
4 it clearly, and I want to summarize and just state a
5 couple things.
6 You know, this is -- it's crippling to have
7 someone on the bench for 20 years, okay.
8 This is a guy who you see sitting here,
9 okay, he's owned up to, he's taken responsibility when
10 necessary.
11 And, the fact of the matter is he's paid
12 more than two million dollars; two million dollars in
13 fines, costs, restitution. That's not even including
14 attorney fees, okay. So that's two million dollars
15 out of his pocket that he's paid because of a
16 situation that -- yes, he's ultimately the president
17 of the company; and yes, he's ultimately responsible.
18 But we understand when you go through this
19 report, there's a lot of references to another
20 individual we believe clearly is primarily responsible
21 for this, okay; and, candidly, solely responsible. But
22 that's your determination. But that's our position,
23 okay.
24 David completed his community service,
25 96 hours of the hundred, in a matter of weeks. He took

1 I got into this program with good
2 intentions. If I could turn back the clock and re-do
3 a bunch of stuff, I would. But I was put in a
4 situation where I had to deal with a mess, and I dealt
5 with it the best way possible that I could at the
6 time.

7 Q Do you ever run from anything?
8 A Never, no.
9 Q If Tom Fett or Palazzolo or someone else from the city
10 called, did you talk to them?
11 A I handled every problem that was presented to me like
12 a grenade went off in my lap the day after he left.
13 And I dealt with it hands-on with Tom Fett and
14 Ron Crawford. And I worked very well with them and
15 they knew what I was up against.
16 And I did the best that I could. And I was
17 forthright, I faced everything. And I felt like I had
18 made it to the finish line in most regards with what I
19 had to deal with.
20 Nobody will ever know what I went through
21 to get those contracts closed out. It damn near
22 killed me.
23 MR. HAUSER: If I can, I'd like to talk
24 just a little bit about this department analysis that
25 you have put forth --

1 all the time off of work and worked nonstop to get
2 this community service done, which resulted in the
3 judge not putting him on probation, okay.
4 I don't know too many defendants who are as
5 proactive as Mr. Holman has been to write that check,
6 to take care of the community service, to do
7 everything that has been asked about him, okay.
8 And, I'm going to be quite candid, we
9 believe that the OIG suspension, the debarment for
10 20 years is punitive, okay.
11 And I understand there's got to be some
12 consequence. And I understand that there's got to
13 be something that lets the public know that this
14 kind of conduct is not acceptable, whether it's in
15 the city or the private, it doesn't matter where.
16 But we also need to be cognizant of the fact that
17 what Mr. Holman has done to make certain that he
18 has continued to honor his contractual obligations,
19 that he's continued to be responsible for what
20 happened despite the fact he had very little to do
21 with this HHF program.
22 He told you prior to 2017, when
23 Mr. MacDonald started to work there, that he was not
24 involved. He was not involved in this. And he's
25 never bid another job since MacDonald left, okay.

1 So we can understand the brackets. We can
2 understand the time frame that Den-Man was part of
3 this project. When I say project, program. He's not
4 involved in Proposal N. He's got nothing to do with
5 demolitions, okay. He's not doing it.

6 And I will say a couple other things.
7 That, you know, this idea that he continued to have a
8 dialogue with Mr. MacDonald after he left, well, he
9 told you why; because this guy got a text on Sunday
10 night saying, hey, I quit. He didn't know what was
11 going on. He had his performance bonds, his payment
12 bonds all on the hook that he's personally responsible
13 for. Him and his wife are cosigners on these bonds.

14 So he had no other choice but to do
15 everything possible to make sure these contracts were
16 fulfilled and they were. Every house was demolished.
17 Everything was done according to the plan. He didn't
18 get paid a nickle for demolishing a house that wasn't
19 demolished, okay. So he did what he had to do.

20 The other thing that I think is unfair, and
21 that's the only word I can say, is that the OIG in its
22 report references and makes comments that Den-Man and
23 Holman lack business integrity and business honesty,
24 and I'm telling you that's not true.

25 We can all point to companies, we can point

1 case, they should not -- when I say they, Den-Man and
2 Holman, should have a substantial reduction in the
3 suspension, okay.

4 Let's save the 20 years for the people who
5 really, really go out, wake up every morning looking
6 for ways to screw the residents, looking to screw the
7 taxpayers and looking to do some bad things. That's
8 not this guy.

9 I understand there's going to be a
10 suspension, but we would ask that it be five years;
11 and under no circumstance be greater than the other
12 individual who's referenced in this report.

13 That's all I've got.

14 Do you have anything --

15 Actually, you know what, can I talk to him
16 for just--

17 INSPECTOR GENERAL: Of course.

18 MS. BENTLEY: Sure.

19 MR. HAUSER: -- 60 seconds out here?

20 Okay, come on.

21 MS. BENTLEY: Go off the record.

22 (Short pause had in the
23 proceedings.)

24 MR. HAUSER: I have no further questions
25 for my witness.

1 to individuals that have no moral compass when it
2 comes to how they operate a business. This guy's not
3 not one of them, okay. He's not. And that's
4 demonstrative by just him sitting here today. A lot
5 of people would have cut and run. A lot of people
6 would have said I got nothing to say to those people,
7 what do I care, I made my money, I'm done. This guy
8 stepped up. He paid everything back and he's still
9 doing stuff.

10 It was what, six months ago that we got a
11 call from Palazzolo about a fence that was broken on
12 someone's yard that he demolished or Den-Man
13 demolished, you know, five, six years ago. He went
14 and fixed it. He had no obligation to do that beyond
15 warranty, beyond anything. He went and did it, okay.

16 And after David left, David MacDonald left,
17 again he continued. He did what he was supposed to
18 do. He could have walked away, but that was not an
19 option.

20 So, in closing, Den-Man and Holman have paid
21 their fines. He's fulfilled his obligations to the
22 court. He's continued to respond to inquiries. And,
23 again, I understand and appreciate that the OIG has an
24 obligation to the residents and has an obligation to
25 the city. But, in light of the specific facts of this

1 INSPECTOR GENERAL: Okay. I don't have any.

2 MS. BENTLEY: I don't have any, either.

3 DEPUTY INSPECTOR GENERAL: Good.

4 MR. HAUSER: So --

5 INSPECTOR GENERAL: Were you planning to
6 present the other two witnesses?

7 MR. HAUSER: No. So I just -- those are
8 kind of may calls. And so, no, we've made a decision
9 that we're just going to have Mr. Holman appear this
10 morning. And you're okay with that?

11 THE WITNESS: Yes.

12 INSPECTOR GENERAL: Thank you.
13 We're off the record.

14 (Exhibit Nos. 1-5 were marked
15 for identification by the
16 reporter.)

17 (The hearing was concluded at
18 approximately 10:52 a.m.)
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CERTIFICATE

STATE OF MICHIGAN)
) SS.
COUNTY OF WAYNE)

I, Suzanne Lynn Bonarek, Notary Public within
and for the Count of Wayne, do hereby certify that I
have recorded stenographically the proceedings had and
testimony taken in the above-entitled matter at the
time and place hereinbefore set forth, and I do
further certify that the foregoing transcript,
consisting of fifty (50) typewritten pages, is a true
and correct transcript of my said stenographic notes.

Suzanne Lynn Bonarek

SUZANNE LYNN BONAREK, CSR 3086
Notary Public, Wayne County, Michigan
My Commission Expires: 3-27-26



1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

May 18, 2018

David Holman, President
Den-Man Contractors
14700 Barber Avenue
Warren, Michigan 48088

RE: Rescinding of Stop Work Order, dated May 11, 2018

Mr. Holman:

The DBA has reviewed the communication and documentation associated with the corrective actions which were identified in the Updated Stop Work Order ("Updated Order"), dated May 15, 2018, and the DBA has determined that Den-Man is currently in compliance with the requirements of the Updated Order. Therefore, the Stop Work Order for one hundred and three (103) properties (See Attached) is immediately rescinded.

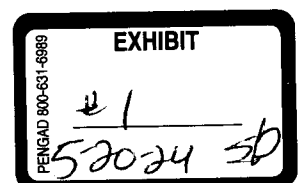
The DBA and the DLBA will review the analytical results of the material on the Kendall Sites and provide direction as quickly as possible via e-mail. Den-Man must comply with the remaining corrective actions which were identified in the Updated Order, and the DBA reserves the right to reinstate a Stop Work Order if Den-Man fails to comply with any of those requirements. Finally, please remember that all contract provisions remain in full force and effect, and the DBA will continue to enforce those provisions under its jurisdiction. Please contact me at your convenience with any questions or concerns.

Respectfully,

A handwritten signature in black ink, appearing to read 'Timothy M. Palazzolo'.

Timothy M. Palazzolo
Deputy Director

Rescinding of Stop Work Order – Den-Man
Page 1 of 1



Document received by the MI Wayne 3rd Circuit Court.



1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

June 22, 2018

David Holman, President
Den-Man Contractors
14700 Barber Avenue
Warren, Michigan 48088

RE: Close Out of Corrective Action Plan and Updated Stop Work Order

Mr. Holman:

The DBA has reviewed the supporting documentation associated with the corrective actions articulated in the Updated Stop Work Order, dated May 15, 2018, and the DBA has determined that Den-Man has satisfactorily completed all of the corrective actions in accordance with the schedule outlined in the Order.

We thank you for your attention to these issues, and we hope that future corrective actions are unnecessary. Effective immediately, the DBA will consider these issues closed.

Finally, please be advised that the DBA will consider all contract provisions to remain in full force and effect. The DBA will continue to enforce those provisions under its jurisdiction, and the DBA will pursue corrective actions as necessary. Please contact me at your convenience with any questions.

Respectfully,

A handwritten signature in black ink, appearing to read 'Timothy M. Palazzolo'.

Timothy M. Palazzolo
Deputy Director



1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

Date: October 30, 2018

To: Timothy Palazzolo, Deputy Director

From: Thomas P. Fett
Thomas P. Fett, Assistant Director

Re: 14444 Flanders

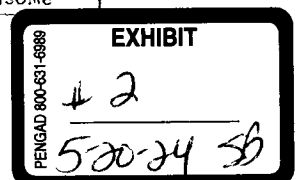
Please be advised that that based on the below facts, it appears that Den-Man Contractors, specifically Dave MacDonald, demolished the structure at 14444 Flanders knowingly without the property being abated.

1. 14444 Flanders is under contract with Den-Man Contractors under Demo RFP Group 5.29.18D (HHF4)
2. Below are the penitent dates regarding this demolition
 - a. Demo Contractor Proceed Date 7/19/18
 - b. Abatement Sub-Contractor is listed as BBEK
 - c. Abatement Start Date 8/21/18
 - d. NO PAV request date
 - e. Knock Down Date 9/13/18
 - f. Open Hole Requested 9/13/18
 - g. BSEED Open Hole Approved 9/17/18
 - h. Final Grade Requested 10/26/18
 - i. Final Grade Inspection Scheduled 10/29/18
3. The survey of this property was assigned to ABF Environmental under PO# 4.13.2016A and was conducted on 8/4/2016.
 - a. The survey report showed the following as it pertains to Asbestos Containing Materials that were required to be abated by a State of Michigan licensed, certified and registered asbestos contractor in accordance with state and federal OSHA and local air quality management regulations

TABLE 1 (ASBESTOS-CONTAINING MATERIALS)

ID#	Material	Location	Approximate Quantity	Result
5 A-C	Caulk	Exterior Throughout	170 LF	25% Chrysotile
11 A-C	Plaster - Ceiling	Ceiling Basement	800 SF	5% Chrysotile
13 A-C	Duct Wrap	Basement	50 SF	70% Chrysotile

SF-Square Feet LF-Linear Feet



14444 Flanders
 October 30, 2018
 Page 2

- b. The survey report showed the following as it pertains to Hazardous / Regulated Materials that required decontamination or disposal prior to demolition.

TABLE 2 (HAZARDOUS/ REGULATED MATERIALS)

Floor	IDI Description	Location	Size	Quantity	Units	Comments	Disposal Concern
B	Misc. Items (Glue, Solvents, Cleaners, etc.)	Bsm1		3	Each		Disposal
B	Paint Cans	Bsm1		1	Each		Disposal
1	Tires	Rm 1		4	Each		Tire Disposal

- c. The survey report clearly states that “prior to demolition, the following is recommended”

A licensed asbestos abatement company in the State of Michigan should remove the materials identified in Table 1 in accordance with all applicable Local, State, and Federal Requirements prior to demolition.

Removal, transportation, disposal and / or recycling activities for the ORMs should be performed by a licensed contractor with training and experience in handling the items identified, in accordance with all applicable regulations.

- 1. A search of the NESHAP Asbestos Notification on line system should the following as it pertains to notifications

Notification ID	Start Date	End Date	Contractor Name	Type	Facility Name	Address	City	County
201810441-R001	08/30/18	12/28/18	Den-Man Contractors, Inc.	SD	Residence	14444 Flanders	Detroit	WAYNE
201810441-R000	08/30/18	09/28/18	Den-Man Contractors, Inc.	SD	Residence	14444 Flanders	Detroit	WAYNE
201810058-R003	08/23/18	01/25/19	BBEK Environmental	PR	Residence	14444 Flanders	Detroit	WAYNE
201810058-R002	08/23/18	09/28/18	BBEK Environmental	PR	Residence	14444 Flanders	Detroit	WAYNE
201810058-R001	08/23/18	08/31/18	BBEK Environmental	PR	Residence	14444 Flanders	Detroit	WAYNE
201810058-R000	08/21/18	08/31/18	BBEK Environmental	PR	Residence	14444 Flanders	Detroit	WAYNE

- 2. The Asbestos Abatement Estimate & Certification was assigned to Mannik Smith Group Inc under Asb Abatement Est/Cert RFP 4.26.17P with an Asbestos Certification NTP of 7/11/2017.

- a. There was no ASB Post Abatement Verification Status, ASB Post Abatement Insp Date, or ASB Post Abatement Passed/Failed Date listed in Salesforce.

- i. Since there was no date listed and in an effort to ensure that this was not a data entry error Compliance Manager Ron Crawford contacted Mannik and Smith Group Inc and inquired if a PAV was requested for 14444 Flanders.

- 1. Per an email dated 10/24/18, from Ryan Montri of Mannik and Smith Group Inc, they had “no record of receiving a PAV request for this property”.

14444 Flanders
October 30, 2018
Page 3

3. In an effort to see if the abatement contractor, BBEK, conducted abatement activities on the property, Compliance Manager Ron Crawford contacted Kevin Woods of BBEK.
 - a. In a conversation between Ron Crawford and Kevin Woods it was discussed if the property was abated prior to demolition. Kevin Woods stated that it was not abated because he did not trust the accuracy of ABF's survey and that he requested a supplemental survey which was never received. Kevin further told Ron Crawford that David MacDonald of Den Man directed that this property be knocked on 9/13/18.
 - b. Kevin Woods provided emails documenting BBEK's involvement with 14444 Flanders and the direction to Den Man that the property was on hold and not to be demolished to Ron Crawford.
 - i. In an email from Krystl Kirby of BBEK to David MacDonald of Den-Man on 8/30/18 at 12:19 pm regarding Demo Notifications there is an attachment that is referenced in the body of the email.
 1. The email attachment contains a spreadsheet which has several addresses highlighted on it to include 14444 Flanders. The notes clearly state "On Hold/Bad Survey" and "DO NOT WRECK"
 - ii. In an email from Krystyl Kirby of BBEK to Renee Alter of Den Man on 9/13/18 at 11:15 am regarding Demo Notifications
 1. In the body of the email it states "14444 Flanders is on hold for a new survey".
 - iii. In an email from Krystyl Kirby from BBEK to Renee Alter of Den Man on 9/24/18 at 3:32 pm regarding Demo Notifications dated
 1. It states in the body of the email regarding the attachment, "the ones I have highlighted are on hold so be sure not to wreck these". This is important because it shows that from the abatement contractor's perspective 14444 Flanders was still on hold and should not be demolished.
 2. The attachment shows 14444 Flanders as highlighted with the notes "On Hold/Bad Survey" and "DO NOT WRECK"
4. In reviewing an email from Krystyl Kirby of BBEK to Kelly Clapsaddle of Mannik and Smith Group regarding PO Letters on 7/31/18 at 12:41 pm it was noted that BBEK listed the "3rd Party Abatement Company" as "ABF"
 - a. In order to ensure that ABF was not mistakenly contacted by Den Man even though Salesforce clearly stated Mannik and Smith was the PAV Company, Ron Crawford contacted ABF and inquired if they conducted a PAV for 14444 Flanders.

14444 Flanders
October 30, 2018
Page 4

- i. In an email dated 10/26/18 from Bill O'Brien from ABF to Ron Crawford it is stated that "ABF has never performed a PAV for the DBA or DLBA".
5. I contacted Dave Holman from Den Man and inquired of him if he was aware of abatement and a PAV being conducted on 14444 Flanders. I asked him to provide any information that he had on the property regarding these activities.
 - a. In our conversation Dave Holman said that this property was demolished on 9/13/18 and that Dave MacDonald's last working day with Den Man was 9/14/18.
 - b. In an email follow up from Dave Holman to me on 10/26/18 at 1:59 pm, Dave Holman states the following
 - i. That "14444 Flanders may have been wrecked and completed without removal of asbestos"
 - ii. David MacDonald who was in charge of my demolition operation and scheduled this house on 9-13-18"
 - iii. Dave MacDonald's "last day of work was 9-14-18
 - iv. "I have no knowledge of any abatement work that was done prior to demolition.
 - v. "I was unaware that this job was scheduled or completed until after Dave Macdonald had left".

Due to the severity of what the facts seem to indicate, I did not contact Dave MacDonald to inquire about what he knows regarding the demolition of 14444 Flanders that may dispel or confirm the above. After you have a chance to review this and decide what action/direction is to be taken, the decision to discuss this with Dave MacDonald could be made at that time as well as how to engage the MDEQ regarding this matter.

I have attached all the supporting documentation for your review.

If I can be of any further assistance please do not hesitate to contact me.

Dave.

Thank you for your honesty and transparency as we all try to work through the properties with issues that you are dealing with.

I will keep you updated on this matter as new information becomes available.

Regards.

Tom

Thomas P. Fett
Assistant Director
Field Operations
City of Detroit
Detroit Building Authority
1301 Third Street, Suite 328
Detroit, MI 48226
Office: (313) 224-1839
Cell: (313) 355-0596

>>>

From: David Holman <david@den-man.com>
To: "Fett@detroitmi.gov" <Fett@detroitmi.gov>
CC: "RCamargo@bhlaw.us.com" <RCamargo@bhlaw.us.com>
Date: 10/26/2018 1:59 PM
Subject: 14444 Flanders

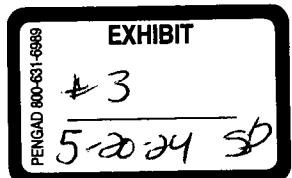
Tom, I regret to inform you that 14444 Flanders May have been wrecked and completed without removal of asbestos. David Macdonald who was in charge of my demolition operation and scheduling demolished this house on 9-13-18. His last day of work was 9-14-18. I have no knowledge of any abatement work that was done prior to demolition.

I was unaware that this job was scheduled or completed until after dave macdonald had left.

Please let me know what to do next

David Holman
Cell 313 350 5567
Office 586 772 5500
Fax 586 772 5145

Web https://urldefense.proofpoint.com/v2/url?u=http-3A-www.den-2Dman.com&d=DwIFAg&c=0CE5Q2m55ppZ9yr4GFXRSDa5PUrBXSApFvj9wiGhY&r=P9OwWkaeX_YV31bqU8z8Vrsk_uqU_brnogNlazkc2k&m=dRoiHUI5YqQqfz2CoF8xqMaCLcNo-3ByMTEvPFfOTY0&s=f4M3Wce-dFrjYIXAbEh4Q16PlgShdXmWYq-IRHkVqH8&e=





GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
LANSING



LIESL EICHLER CLARK
DIRECTOR

September 14, 2022

VIA UPS NEXT DAY DELIVERY

Christian Hauser
Frasco Caponigro Wineman Scheible Hauser & Luttmann, PLLC
1301 West Long Lake Road, Suite 250
Troy, Michigan 49098

Dear Christian Hauser:

SUBJECT: Notice of Termination for Consent Order AQD No. 2019-13

Enclosed is the Notice of Termination for Stipulation for Entry of Final Order by Consent AQD No. 2019-13 (Consent Order). This is in response to the request made by your company to the Michigan Department of Environment, Great Lakes, and Energy (EGLE).

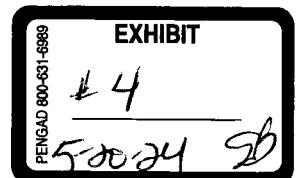
If you have any questions regarding the enclosed Notice of Termination, please contact Jason Wolf, Enforcement Unit, Air Quality Division, at 517-275-0943; WolfJ2@Michigan.gov; or EGLE, P.O. Box 30260, Lansing, Michigan 48909-7760; or you may contact me.

Sincerely,

Mary Ann Dolehanty, Director
Air Quality Division
517-284-6773

Enclosure

cc/enc: Sarah Marshall, United States Environmental Protection Agency, Region 5
Margaret Bettenhausen, Department of Attorney General
April Wendling, EGLE
Jenine Camilleri, EGLE
Jason Wolf, EGLE



STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
AIR QUALITY DIVISION

In the matter of administrative proceedings
against **DEN-MAN CONTRACTORS, INC.**,
a corporation organized under the laws of the State of
Michigan and doing business at 14700 Barber Avenue
in the City of Warren, County of Wayne, State of
Michigan

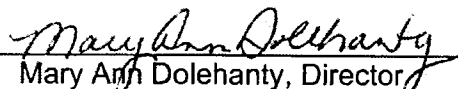
AQD No. 2019-13

SRN: U821805752

NOTICE OF TERMINATION

This Notice is issued pursuant to a request for termination submitted by Den-Man Contractors, Inc., pursuant to paragraph 19 of the Stipulation for Entry of Final Order by Consent AQD No. 2019-13 (Consent Order). The request contained supporting information as required by paragraph 19 of the Consent Order. Review of this request and supporting information indicates that Den-Man Contractors, Inc. achieved compliance with the terms and requirements of the Consent Order.

THEREFORE, effective on the date signed below, AQD No. 2019-13 is terminated. The Michigan Department of Environment, Great Lakes, and Energy reserves the right to pursue administrative, civil and/or criminal proceedings, including the assessment of monetary fines, for any falsification of information submitted in support of Den-Man Contractors, Inc. request for termination of the Consent Order AQD No. 2019-13, or for any violation of the Michigan Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, MCL 324.5501 *et seq.*; and all other applicable laws.

By: 
Mary Ann Dolehanty, Director,
Air Quality Division
Michigan Department of Environment,
Great Lakes, and Energy

Dated: September 14, 2022

STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings
against: **DEN-MAN CONTRACTORS, INC.**,
a corporation, organized under the laws of
the State of Michigan and doing business
at 14700 Barber Avenue in the City of
Warren, County of Wayne, State of
Michigan

AQD No. 2019-13

SRN/ID: U821805752

STIPULATION FOR ENTRY OF FINAL ORDER
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) Air Quality Division (AQD) against Den-Man Contractors Inc., (Company), a corporation organized under the laws of the State of Michigan and doing business at 14700 Barber Avenue, City of Warren, County of Wayne, State of Michigan. EGLE alleges that the Company has violated the National Emission Standards for Hazardous Air Pollutants for asbestos, Title 40 Code of Federal Regulations (CFR), Part 61, Subpart M (Asbestos NESHAP) and Mich Admin Code, R 336.1942 (Rule 942). The alleged violations occurred during the asbestos demolition/renovation at 14444 Flanders, Detroit, Michigan (SRN/ID: U821805752). Specifically, EGLE alleges that the Company failed to remove regulated asbestos-containing material (RACM) prior to demolition, failed to contain RACM in leak tight containers, failed to label asbestos-containing waste material (ACWM) with generator labels, failed to deposit ACWM at a Type II landfill in accordance with the Asbestos NESHAP, and failed to mark vehicles during loading/unloading of ACWM, as specified in a Violation Notice dated December 7, 2018. The Company and EGLE stipulate to the termination of this proceeding by entry of a Stipulation for Entry of a Final Order by Consent (Consent Order).

The Company and EGLE stipulate as follows:

1. The Natural Resources and Environmental Protection Act, 1994 PA 451, (Act 451), MCL 324.101 *et seq.* is an act that controls pollution to protect the environment and natural resources in this State.
2. Article II, Pollution Control, Part 55 of Act 451 (Part 55), MCL 324.5501 *et seq.*

provides for air pollution control regulations in this State.

3. EGLE was created as a principal department within the Executive Branch of the State of Michigan pursuant to Executive Order 2019-06 and has all statutory authority, powers, duties, functions and responsibilities to administer and enforce all provisions of Part 55.

4. The EGLE Director has delegated authority to the Director of the AQD (AQD Director) to enter into this Consent Order.

5. Section 112 of the CAA, provides authority for the Administrator of the United States Environmental Protection Agency (USEPA) to establish emission standards for hazardous air pollutants.

6. The USEPA has promulgated the Asbestos NESHAP, which is set forth in 40 CFR, Part 61, Subpart M, Sections 61.140 through 61.156.

7. The USEPA has delegated authority for administration and enforcement of NESHAP asbestos regulations to EGLE-AQD. This authority was granted in an April 11, 1988, letter from Valdus Adamkus (USEPA Regional Administrator) to Robert Miller (AQD).

8. The termination of this matter by a Consent Order pursuant to Section 5528 of Part 55 is proper and acceptable.

9. The Company and EGLE agree that the signing of this Consent Order is for settlement purposes only and does not constitute an admission by the Company that the law has been violated.

10. This Consent Order becomes effective on the date of execution (effective date of this Consent Order) by the AQD Director.

11. The Company shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in this Consent Order.

COMPLIANCE PROGRAM

12. On and after the effective date of this Consent Order, the Company shall fully comply with the Asbestos NESHAP, which is incorporated by reference and made an enforceable part of this Consent Order.

GENERAL PROVISIONS

13. This Consent Order constitutes a civil settlement and satisfaction as to the resolution

of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

14. Within thirty (30) days after the effective date of this Consent Order, the Company shall pay to the General Fund of the State of Michigan, in the form of a check made payable to the "State of Michigan" and mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$5,000.00, which includes AQD costs for investigation and enforcement. This total settlement amount shall be paid within thirty (30) days of the effective date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent Order shall include the "Payment Identification Number AQD40217" on the front of the check and/or in the cover letter with the payment. This settlement amount is in addition to any fees, taxes, or other fines that may be imposed on the Company by law.

15. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 12 of this Consent Order, the Company is subject to stipulated fines of up to \$1,500.00 per violation. The amount of the stipulated fines imposed pursuant to this paragraph shall be within the discretion of EGLE. Stipulated fines submitted under this Consent Order shall be made by check, payable to the "State of Michigan" within thirty (30) days of demand and shall be mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments shall include the "Payment Identification Number AQD40217-S" on the front of the check and/or in the cover letter with the payment. Payment of stipulated fines shall not alter or modify in any way the Company's obligation to comply with the terms and conditions of this Consent Order.

16. The AQD, at its discretion, may seek stipulated fines or statutory fines for any violation of this Consent Order which is also a violation of any provision of applicable federal and state law, rule, regulation, permit, or EGLE administrative order. However, the AQD is precluded from seeking both a stipulated fine under this Consent Order and a statutory fine for the same violation.

17. If the Company fails to pay any part of the settlement amount assessed in paragraph 14 or any stipulated fines assessed pursuant to paragraph 15 under this Consent

Order by the due date, the Company shall pay a late payment penalty of \$50.00 per day for each day that the settlement amount or stipulated fines are past due.

18. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 14. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 15 of this Consent Order but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by EGLE of stipulated fines is made. In addition, the Company agrees that said fines have not been assessed by EGLE pursuant to Section 5529 of Part 55 and therefore are not reviewable under Section 5529 of Part 55.

19. This Consent Order shall remain in full force and effect for a period of at least 3 years. Thereafter, this Consent Order may be terminated only upon the issuance of a written notice of termination issued by the AQD Director. Prior to issuance of a written notice of termination, the Company shall submit a request to the AQD Director at the Michigan Department of Environment, Great Lakes, and Energy, Air Quality Division, P.O. Box 30260, Lansing, Michigan 48909-7760, consisting of a written certification that the Company has fully complied with all the requirements of this Consent Order and has made all payments including all stipulated fines required by this Consent Order. Specifically, this certification shall include: (i) the date of compliance with each provision of the compliance program and the date any payments or stipulated fines were paid; (ii) a statement that all required information has been reported to the AQD; (iii) confirmation that all records required to be maintained pursuant to this Consent Order are being maintained at the facility; and, (iv) such information as may be requested by the AQD Director.

20. In the event Den-Man Contractors, Inc. sells or transfers the Company, it shall advise any purchaser or transferee of the existence of this Consent Order in connection with such sale or transfer. Within thirty (30) calendar days, the Company shall also notify the AQD Detroit District Supervisor, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this Consent Order has been given to the purchaser and/or transferee. As a condition of the sale, the Company must obtain the consent of the purchaser and/or transferee, in writing, to assume all of the obligations of this Consent Order. A copy of that agreement shall be forwarded to the AQD Detroit District Supervisor within thirty (30) days of assuming the obligations of this Consent Order.

21. Prior to the effective date of this Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, the public was notified of a 30-day public comment period and was provided the opportunity for a public hearing.

22. Section 5530 Part 55 may serve as a source of authority but not a limitation under which this Consent Order may be enforced. Further, Part 17 of Act 451 and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

23. The Company hereby stipulates that entry of this Consent Order is a result of an action by EGLE to resolve alleged violations at 14444 Flanders, Detroit, Michigan (SRN/ID: U821805752). The Company further stipulates that it will take all lawful actions necessary to fully comply with this Consent Order, even if the Company files for bankruptcy in the future. The Company will not seek discharge of the settlement amount and any stipulated fines imposed hereunder in any future bankruptcy proceedings, and the Company will take necessary steps to ensure that the settlement amount and any future stipulated fines are not discharged. The Company, during and after any future bankruptcy proceedings, will ensure that the settlement amount and any future stipulated fines remain an obligation to be paid in full by the Company to the extent allowed by applicable bankruptcy law.

The undersigned certifies that he/she is fully authorized by the Company to enter into this Consent Order and to execute and legally bind the Company to it.

DEN-MAN CONTRACTORS, INC.

David Holman President
Print Name and Title

[Signature]
Signature

6-18-19
Date

The above signatory subscribed and sworn to before me this 18th day of June, 2019

[Signature]
Notary Public Signature

Maureen Livernois
Notary Public Printed Name

My Commission Expires: 6/18/2021

Approved as to Content:

[Signature]
Mary Ann Dolehanty, Director
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES,
AND ENERGY

Dated: 6/21/2019

Approved as to Form:

[Signature]
Neil Gordon, Section Head
ENVIRONMENTAL REGULATION SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

Dated: 6/21/2019

FINAL ORDER

The Director of the Air Quality Division having had opportunity to review this Consent Order and having been delegated authority to enter into Consent Orders by the Director of the Michigan Department of Environment, Great Lakes, and Energy pursuant to the provisions of Part 55 of Act 451 and otherwise being fully advised on the premises,

HAS HEREBY ORDERED that this Consent Order is approved and shall be entered in the record of EGLE as a Final Order.

MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY


Mary Ann Dolehanty, Director
Air Quality Division

Effective Date: 6/21/2019

STATE OF MICHIGAN
IN THE CIRCUIT COURT FOR THE COUNTY OF WAYNE

DEN-MAN CONTRACTORS, INC.,

Plaintiff,

Case No.: 19-004685-CK

v.

Hon. Annette J. Berry

DETROIT LAND BANK AUTHORITY and the
DETROIT BUILDING AUTHORITY,

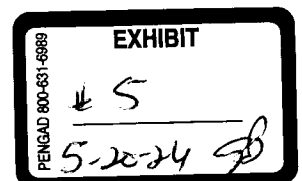
Defendants.

J. Christian Hauser (P57990)
FRASCO CAPONIGRO WINEMAN
SCHEIBLE HAUSER & LUTTMANN, PLLC
Attorneys for Plaintiff
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Troy, MI 48098
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ch@frascap.com

David H. Fink (P28235)
Darryl Bressack (P67820)
Nathan Fink (P75185)
FINK BRESSACK
Attorneys for Defendant
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(248) 971-2500
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nfink@finkbressack.com

Floyd E. Allen (P31260)
Monica N. Hunt (P68838)
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Attorneys for Defendant
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(313) 871-0517 (facsimile)
fallen@alglawpc.com
mhunt@alglawpc.com

STIPULATED ORDER REGARDING THE COURT'S ORDER DATED APRIL 30, 2019
AND DISMISSING CASE WITH PREJUDICE AND WITHOUT COSTS



At a session of said Court, held in the Circuit Court,
Wayne County, Michigan on 2/3/2020

Present: Hon. JUDGE ANNETTE J. BERRY
Annette J. Berry, Circuit Judge

This matter having come before the Court on the stipulation of the Parties, and the Court being otherwise fully advised,

IT IS HEREBY ORDERED that the Order entered by this Court on April 30, 2019 is set aside in its entirety.

IT IS FURTHER ORDERED that the Stop Work Order issued by the Detroit Building Authority ("DBA") on or about October 30, 2018 and issued to Plaintiff has been resolved pursuant to the determination of the Demolition Contractors Appeals Board on August 20, 2019, consistent with the findings as attached to this Order as Exhibit "A".

IT IS FURTHER ORDERED that Plaintiff may bid on demolition projects as permitted by the determination of the Demolition Contractors Appeals Board on August 20, 2019, pursuant to Exhibit "A".

IT IS FURTHER ORDERED that this matter is dismissed with prejudice and without costs as to all parties.

THIS IS A FINAL ORDER AND CLOSES THIS CASE.

IT IS SO ORDERED.

/s/ Annette J. Berry
Hon. Annette J. Berry

STIPULATED AND AGREED TO:

J. Christian Hauser
J. Christian Hauser (P57990)
Attorney for Plaintiff

Monica N. Hunt
Monica N. Hunt (P68838)
Attorney for Detroit Building Authority

EXHIBIT A

DEMOLITION APPEALS BOARD

August 20, 2019

COMPANY	VIOLATIONS	FINDINGS	SUSPENSION
Den-Man	MDEQ	Substantiated	11/20/18 to 11/10/19

MDEQ & H&S=Health and Safety

1st citation-30 days

2nd citation-90 days

3rd citation-360 days

LOD=Letter of Discipline

1st citation-no suspension

2nd citation-no suspension

3rd citation-30 days



1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

DBA COPY
8.20.2019

Letter of Disappointment Appeal Board
Rendering of Decision

Date: 8-20-2019

SUBSTANTIATED

Time: 1:30 pm

Board Members:

Chairperson: Robert DeBerardino
Printed Name

Member: Arthur Edge
Printed Name

Member: Arnita Clark
Printed Name

Member: Tammy Daniels
Printed Name

Member: Jean Ingersoll
Printed Name

Member: Sean Davis
Printed Name

Contractor: **Den-Man-Dave Holman**

Violation Type:

Health and Safety:

1st Violation 2nd Violation 3rd Violation within 1 year
MDEQ Violations: 1. Failure to remove RACM prior to
demolition-14444 Flanders

Citation:

1st Citation 2nd Citation 3rd 4th Citation within 30 days



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8.20.2019

DEN. MAN

Finding:

- Substantiated** Evidence and/or testimony support the violation (upheld)
- Unsubstantiated** Evidence and/or testimony do not support the violation (rescinded)
- Tabled** Need more Evidence and/or testimony to support the violation

Penalty:

from 11/20/18 to 11/10/19

Health and Safety: Violation within 1 year

1st Violation: 30-day disqualification from bidding effective _____ and ending on _____

2nd Violation: 90-day disqualification from bidding effective _____ and ending on _____

3rd Violation: ³⁵⁵ 300-day disqualification from bidding effective 11/20/2018 and ending on 11/10/2019. The board will also recommend that all current contracts are terminated for demolition work with the City of Detroit and/or the Detroit Land Bank.

Citation – Within 30 days

1st Citation: NO disqualification from bidding

2nd Citation: NO disqualification from bidding

3rd Citation: 30-day disqualification from bidding effective _____ and ending on _____



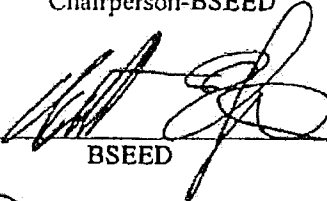
DEN-MAN

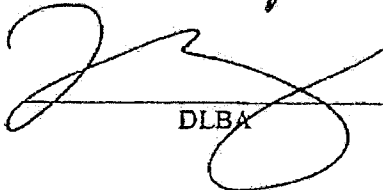
8.20.2019

1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

Signatures of Board Members:


Chairperson-BSEED


BSEED


DLBA

Office of Contracting & Procurement

Department of Neighborhoods

Detroit Health Department

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Agreement") is effective as of January _____, 2020, by and between Den-Man Contractors, Inc. ("Den-Man") and the Detroit Building Authority ("DBA"). The above-mentioned entities may also be known as "Party" or "Parties".

WHEREAS, the City of Detroit established the Demolition Program to eliminate blight in the City and increase the safety and well-being of the citizens of the City. The DBA is a statutory creation and its purpose is to manage the performance of the contractors engaged by the City and the Detroit Land Bank Authority ("DLBA").

WHEREAS, beginning in 2017, Den-Man regularly bid and was awarded contracts by the City of Detroit and DLBA to perform abatement and demolition work on abandoned and dilapidated structures located throughout Detroit as a part of the Demolition Program;

WHEREAS, in September of 2018, an abandoned structure located at 14444 Flanders, Detroit, Michigan (the "Structure") was inadvertently demolished by Den-Man prior to being fully abated. As a result, on October 30, 2018, the DBA issued a Stop Work Order ("SWO") to Den-Man. The Michigan Department of Environmental Quality issued a Violation Notice on December 7, 2018 and the DBA issued a Health and Safety Violation ("HSV") on December 18, 2018;

WHEREAS, Den-Man disputed the issuance of the SWO and the HSV and subsequently filed a lawsuit against the DBA and the DLBA in the Wayne County Circuit Court on April 1, 2019, captioned as *Den-Man Contractors, Inc. v. Detroit Building Authority, et al*, 19-004685-CK ("Civil Action");

WHEREAS, on August 20, 2019, Den-Man appeared before the Demolition Contractors Appeals Board to respond to the violations stated in both the SWO and HSV. At the conclusion of that hearing, the Demolition Contractors Appeal Board substantiated the violations as stated in the

HSV, and as a result, Den-Man was disqualified from bidding on any City of Detroit demolition projects between November 20, 2018 and November 10, 2019; and

WHEREAS, the Parties, through their legal counsel, have since engaged in settlement discussions to define, coordinate and resolve the issues contained within the Civil Action. The Parties have since reached an agreement and desire to set forth the agreed-upon resolution of all claims included in the Civil Action, and enter into a complete and full settlement pursuant to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing and mutual promises contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties each intending to be legally bound hereby, agree as follows:

(1) Dismissal of Civil Action. Simultaneous with the execution of this Agreement, Den-Man will dismiss the Civil Action with prejudice and without costs or fees to any party consistent with the Stipulated Order of Dismissal attached hereto as Exhibit 1. The language and content of the Stipulated Order of Dismissal attached hereto as Exhibit 1 are incorporated by reference into this Agreement.

(2) Mutual General Releases.

2.1 The term "Related Entities" means and refers to the officers, directors, principals, parents, subsidiaries, divisions, affiliates, shareholders, partners, agents, servants, employees, sureties, bonding companies, distributors, affiliates, customers, licensees, representatives, attorneys, predecessors, heirs, executors, successors, assigns, and liability insurers and reinsurers of a Party. As used in the preceding sentence, the term "affiliate" means and refers to all persons or entities related to or in any way affiliated with, claiming by or through, or otherwise acting on behalf or under the direction or control of the foregoing, and all persons or

entities that directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with, a Party, and includes representatives, agents, and distributors who are controlled by a Party, any parent entities that control a Party, and all entities in which a Party has a controlling ownership interest. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity.

2.2 Except as to such rights or claims as may be created by this Agreement Den-Man, on behalf of itself and each of its respective Related Entities, hereby forever releases, relieves and discharges the DBA, and its Related Entities, from any and all claims, debts, liens, liabilities, obligations, promises, acts, agreements, costs and expenses (including, but not limited to, attorneys' fees), counterclaims, third-Party claims, cross-claims, demands, damages, defenses, actions and causes of action, of whatever kind or nature, whether known or unknown, legal or equitable, suspected or unsuspected, and existing at any time before the full execution of this Agreement, including, without limitation on the generality of the foregoing, all liens, claims, counterclaims, third-Party claims, cross-claims, demands, defenses, and causes of action that were asserted in, could have been asserted in, relate to, arise out of, or concern any contractual relationship between the Parties and the Civil Action.

2.3 Except as to such rights or claims as may be created by this Agreement, the DBA, on behalf of itself and each of its respective Related Entities, hereby forever releases, relieves and discharges Den-Man, and its Related Entities, from any and all claims, debts, liens, liabilities, obligations, promises, acts, agreements, costs and expenses (including, but not limited to, attorneys' fees), counterclaims, third-Party claims, cross-claims, demands, damages, defenses,

actions and causes of action, of whatever kind or nature, whether known or unknown, legal or equitable, suspected or unsuspected, and existing at any time before the full execution of this Agreement, including, without limitation on the generality of the foregoing, all claims, counterclaims, third-Party claims, cross-claims, demands, defenses, and causes of action that were asserted in, could have been asserted in, relate to, arise out of, or concern any contractual relationship between the Parties and the Civil Action.

2.4 Waiver: All of the aforementioned released claims, demands, defenses, and causes of action are hereinafter collectively referred to as "the Released Claims". Each Party to this Agreement assumes the risk that it is unaware of the subject matter of this Agreement, or is otherwise mistaken as to relevant facts, and acknowledges that it may discover facts in addition to or different from those that it now knows or believes to be true concerning the Released Claims and other matters contained in or concerning this Agreement. Each Party nevertheless agrees and intends this Agreement to be a complete release of the Released Claims, and to settle all disputes and differences relating to the Released Claims, known or unknown, suspected or unsuspected, which have existed, now exist, or may now exist between or among the releasing Party and any of those persons or entities granted releases. Each Party hereby further acknowledges that it understands the significance and the consequences of such specific waiver and release of unknown claims and hereby assumes full responsibility for any injuries, damages, lawsuits or liabilities that it may incur, both now and hereafter, from the waiver and release of said unknown claims. Each Party hereto hereby further acknowledges that it may discover facts different from, or in addition to, those facts that it now knows or believes to be true, and agrees that this Agreement and the releases contained herein shall be and remain effective in all respects notwithstanding any such subsequent discovery of different or additional facts. Each Party acknowledges and represents that

it has undertaken its own independent investigation of all of the facts relating to the matters being released herein, this Agreement, and the settlement of their dispute, and in entering into this Agreement and granting the releases contained herein, is not relying on any representation, warranty, or statement of any other Party except as expressly set forth herein. Each Party acknowledges that this waiver is an essential and material term of this Agreement.

(3) No Admissions. Nothing contained herein shall be construed as an admission of liability or an acknowledgment of wrongful conduct on the part of any Party hereto.

(4) Voluntary and Knowing Execution. Each Party hereby certifies and warrants that it has read and understands and is in full concurrence with the provisions contained within this Agreement, and that it has entered into and executed this Agreement voluntarily and with full knowledge of its significance, meaning and binding effect. Each has executed this Agreement with the express intention of being bound to the terms thereof, after having had sufficient opportunity to consult with legal counsel of his/her own choosing.

(a) Each Party has received legal advice from his or its attorneys with respect to the advisability of making the settlement provided for in this Agreement. The Parties acknowledge that each is satisfied with the advice and services of their attorney.

(b) The individuals signing this Agreement hereby represent and warrant that they and each of them are duly authorized and empowered to act on behalf of and sign for the Parties for whom they have signed respectively.

(c) All actions taken and statements made by the Parties' personnel or their representatives relating to this Agreement, including its development and implementation, were taken and made in the context of privileged settlement negotiations and shall not be viewed as a precedent and shall not be taken as a standard by which other matters may be judged.

(d) The wording of this Agreement was reviewed and accepted by legal counsel for the Parties prior to its being signed by them and no Party shall be entitled to have any wording of this Agreement construed against the other Party based upon authorship of the wording in the event of any dispute arising between them.

(e) No Party has assigned, transferred, granted, conveyed or otherwise disposed of, or purported to assign, transfer, or grant, convey or otherwise dispose of, any of the claims, counterclaims, third-Party claims, cross-claims, demands, defenses, or causes of action covered by this Agreement.

(5) Entire Understanding. This Agreement constitutes the entire understanding of the Parties with respect to the subject matter contained herein and supersedes any prior understandings and agreements between them respecting such subject matter. Modifications of the Agreement shall be made only in writing executed by the Parties.

(6) Governing Law. The Agreement shall be construed under and governed by the laws of the state of Michigan.

(7) Binding Effect. This Agreement is binding upon and inures to the benefit of each Party's successors and assigns.

(8) Counterparts/Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original for all purposes but all of which together shall constitute one and the same instrument. Signatures on this Agreement transmitted by electronic mail shall be deemed to be an original for all purposes.

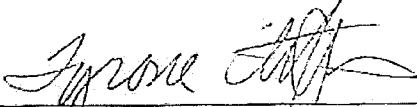
[signatures are on the next page]

IN WITNESS WHEREOF, the undersigned Parties, intending to be legally bound hereby,
have caused this Agreement to be executed as of the date first above written.

DEN-MAN CONTRACTORS, INC., a
Michigan corporation

DETROIT BUILDING AUTHORITY

By: _____

By: 
TYRONE CLIFTON, DIRECTOR

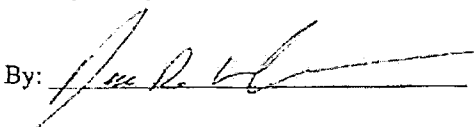
Title: _____

Title: DIRECTOR

IN WITNESS WHEREOF, the undersigned Parties, intending to be legally bound hereby,
have caused this Agreement to be executed as of the date first above written.

DEN-MAN CONTRACTORS, INC., a
Michigan corporation

DETROIT BUILDING AUTHORITY

By:  _____

By: _____

Title: PRESIDENT

Title: _____