



## Press Release

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# Controller's Office releases findings on San Francisco Department of the Environment's relationship with Recology and lack of compliance with ethics rules

*In conjunction with the City Attorney's Office, the Controller's Office makes recommendations to address SF Environment's relationship with Recology, weak "tone at the top," and lack of compliance with ethics rules.*

**SAN FRANCISCO (April 8, 2022)** — Controller Ben Rosenfield has released a [public integrity assessment report](#) on the relationship between San Francisco Department of the Environment (SF Environment) and Recology and the department's lack of compliance with ethics rules.

This is the ninth report in the series of Public Integrity Reviews issued by the Controller's Office in partnership with the City Attorney's Office. This series of Public Integrity Reviews was prompted by the arrest of former Director Mohammed Nuru on charges of defrauding the City and County of San Francisco by soliciting and accepting bribes in exchange for favorable treatment in City contracting.

Our assessment highlights repeated non-compliance by SF Environment employees with ethics rules designed to eliminate real and perceived risks of pay-to-play relationships. From our review and investigation, many of these issues pre-date SF Environment Director Deborah Raphael but have continued during her tenure. Regardless of whether these acts ultimately influenced contract award decisions, they undermine public trust in the department's decisions, create the appearance of a company making gifts to favorably influence department decisions that would directly benefit them, increase fraud risk, and reflect poor management decision-making.

This report also makes the following findings about specific conduct that are of concern:

- Director Raphael solicited and accepted donations from Recology before signing two contracts with Recology, creating the appearance of pay-to-play.
- SF Environment did not proactively disclose Recology's donations to *Friends of SF Environment*, as required by the Mayor's Executive Directive 20-01 to cooperate with the City Attorney's and Controller's Offices' joint public integrity investigation.

- SF Environment’s senior management narrowly construed document requests during the investigation, resulting in withholding information about Recology’s \$25,000 donation.

In addition to these findings, the report highlights a number of other incidents that, collectively, indicate a lax knowledge and enforcement of rules designed to ensure ethical operations. The investigation found that SF Environment employees regularly accepted gifts from Recology and improperly charged foreign delegations for tours. Recology employees in some instances participated in hiring panels for SF Environment recruitments.

Controller Rosenfield provided the following statement: “Taken together, the decisions made by SF Environment leadership were undeniably inappropriate. The department has a complex regulatory, contractual, and operational relationship with Recology, requiring that leadership maintain and enforce clear ethical standards to safeguard the public’s trust. We find that that didn’t occur during the period of our review.”

“The actions of SF Environment leadership created the perception of pay-to-play, which has no place in our City government,” said City Attorney David Chiu. “The ethical lapse in judgement and lack of transparency are exactly what we are trying to root out through our joint investigation with the Controller. I strongly support all of the recommendations included in the report and thank the attorneys and investigators who worked diligently on these issues. We will continue to follow the facts wherever they lead to ensure City government is held to highest ethical standards.”

Recology is headquartered in San Francisco and provides refuse services to residential and commercial customers. Recology’s relationships and interactions with City departments has been the subject of past assessments in [September 2020](#) and [April 2021](#). Since 2020, two Recology employees, Paul Giusti and John Porter, have been federally charged with theft of honest services fraud and money laundering for bribing former Public Works Director, Mohammed Nuru, in exchange for official action. Recology settled with the U.S. Attorney’s Office for \$36 million for which it admitted to bribing Mr. Nuru and funneling more than \$150,000 a year to Public Works through non-city organizations “to obtain Nuru’s official assistance with [Recology’s] business.” Recology also settled with the San Francisco City Attorney’s Office for more than \$100 million for errors related to refuse rate collection revenues.

The Controller’s Office will continue to assess selected city policies and procedures to evaluate their adequacy in preventing abuse and fraud. Future reports will assess Recology’s refuse rates, the procurement and award of Recology’s landfill disposal agreement, SFPUC’s contracting processes as they relate to the criminal charges against former General Manager Harlan Kelly, and an overview of citywide ethics rules and procedures. Other reviews may be conducted given future issues identified in the ongoing City Attorney and Controller investigation.

## Tips

Investigators from the Controller’s Office consider every allegation of wrongdoing raised by city employees and members of the public. To report suspected public integrity abuses related specifically to the Nuru investigation, please contact the Public Integrity Tip Line. You can provide information via e-mail at [publicintegrity@sfgov.org](mailto:publicintegrity@sfgov.org) or by phone at (415) 554-7657. All tips may be submitted anonymously and will remain confidential. Reports to this tip line, as well as tips to the Controller’s whistleblower hotline, are critical to the City’s ability to fight abuses and lapses of public integrity by city employees and contractors. As provided for by the San Francisco Charter, the Controller’s Office ensures that complaints are investigated by departments with the appropriate jurisdiction and independence from the alleged wrongdoing.

Information on city payments, searchable by department and vendor, are available on the Controller’s public transparency website at [openbook.sfgov.org](http://openbook.sfgov.org). Anyone may file any allegation of improper or illegal public activity with the City’s Whistleblower Program at [sfcontroller.org/whistleblower-program](http://sfcontroller.org/whistleblower-program). That program, administered by the Controller’s Office, often partners with the City Attorney’s Office on investigations.

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