



## Press Release

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For Immediate Release:  
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# As part of Public Integrity Review, Controller's Office releases report on San Francisco's procedures to disqualify contractors from bidding on city work

*In conjunction with the City Attorney's investigation stemming from alleged wrongdoing by former Public Works Director Mohammed Nuru, the Controller's Office has released its third policy and process assessment report.*

SAN FRANCISCO (November 5, 2020) — City Controller Ben Rosenfield announced today the release of a preliminary assessment report on San Francisco's debarment procedures, which are used to disqualify contractors from the City's bidding process. The report covers changes proposed by the Office of the City Attorney and compares the City's debarment process to those of the State of California and federal government.

This assessment was prompted by the federal criminal complaints against former Public Works Director Mohammed Nuru and city contractor Balmore Hernandez, chief executive and vice president of AzulWorks, Inc., and the City Attorney's investigation of AzulWorks and initiation of debarment proceedings against the firm. Between late 2016 and the end of 2018, Mr. Hernandez allegedly supplied labor and materials worth more than \$250,000 to Mr. Nuru for improvements to Mr. Nuru's second home in Lodoga, California. Mr. Hernandez also allegedly paid for Mr. Nuru's January 2020 hotel stay valued at over \$2,000 for Mr. Nuru and several lavish meals. In exchange, Mr. Nuru allegedly provided inside information about city contracts and approvals, resulting in a multimillion-dollar contract for which AzulWorks had submitted an allegedly unqualified bid.

On July 14, 2020, the City Attorney moved to debar AzulWorks, Inc., from contracting with the City for five years, which is the maximum duration allowed under city law. AzulWorks entered into a stipulated

suspension agreement until the time a verdict is entered in Mr. Hernandez's criminal matter. The agreement prohibits AzulWorks from bidding on city contracts during that time and allows the City Attorney to pursue debarment once the criminal matter is resolved. The City Attorney has sponsored legislation to allow for the suspension of other individuals (and related businesses) upon the filing of criminal charges. If the City Attorney's amendments are enacted into law, the City will be able to suspend individuals and businesses charged with crimes from bidding on or receiving city contracts.

"In practice, the City largely aligns its procedures with the state and federal governments," said Controller Ben Rosenfield, "but it's imperative that we now formalize important steps and actions like suspending contractors charged with fraud and publicly listing debarred contractors. Contractors who willfully disregard regulations should not have the same opportunities as those who abide by the rules of fair conduct."

"Corrupt contractors have no place in San Francisco," City Attorney Dennis Herrera said. "We need to ensure that our laws provide robust protections that empower the City to block contractors engaged in misconduct from receiving taxpayer dollars. The federal government has suspension power, which allows it to immediately place a pause on new contracts when a contractor is charged with committing fraud on a public contract. San Francisco should have the same authority to police its own contracts. Our legislation and these steps outlined by the Controller will give San Francisco more tools to keep local government clean and provide a level playing field for all contractors."

### **What happens next?**

Our Public Integrity Review of inadequate policies and procedures that were exposed by the Nuru investigation will continue, with future assessments on ethical practices in contract award decisions at the Airport and other commissions, citywide ethics reporting requirements, and the Department of Building Inspection's permitting process. We will release each assessment report as our work moves ahead in the coming months and may add additional topics as the investigation progresses.

### **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](https://openbook.sfgov.org). As always, anyone may file any allegation of improper or illegal public activity with the City's Whistleblower Program at [sfcontroller.org/whistleblower-program](https://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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