

# Forensic Audit of County Contracts

## Phase 1 Report

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### County of Orange

*Prepared For:*

Board of Supervisors

Internal Audit Department

March 9, 2026

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# Executive Summary

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## I. Introduction

This Executive Summary provides an overview of Weaver’s findings and recommendations based on the work performed as part of Phase 1 of the Forensic Audit for County of Orange (the “County”). The Executive Summary is based on the set of facts and findings described in the Report and should be read with the Report itself, including the associated appendices and exhibits. Standing alone, it does not provide a full understanding of the facts and analysis underlying our findings and recommendations. Certain limitations on the information available to Weaver resulted in constraints on our forensic audit. We had no power to compel third parties to submit to interviews, produce documents, or otherwise provide information.<sup>1</sup> Weaver reserves the right to amend this Report should additional information be made available relevant to our review.

## II. Scope of Work

### a. Engagement Background

On December 3, 2024, the Board of Supervisors (the “Board”) directed the Internal Audit Department to hire an independent external audit firm to conduct a forensic audit of County contracts established between January 2019 and August 2024. In July 2025, Weaver submitted a proposal to the County in response to the Request for Proposals (RFP) for Forensic Audit of County Contracts (RFP 017-2804501-RB). In November 2025, Weaver was engaged by the County to conduct a forensic audit of County contracts, including all contracts within the County Executive Office, Health Care Agency, OC Community Resources and the Social Services Agency. The scope of work also included the review of contracts for the fund accounts listed below:<sup>2</sup>

- American Rescue Plan Act (“ARPA”)
- Coronavirus Aid, Relief, and Economic Security Act (“CARES”)
- Mental Health Services Act (“MHSA”)
- General Fund

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<sup>1</sup> Weaver was unable to interview former District 1 Chief of Staff, Chris Wangsaporn, who did not respond to our interview request.

<sup>2</sup> The scope of work included the review for compliance with the County’s Contract Policy Manual and all applicable procurement-related statutes, prioritizing the review of Human Services and Sole Source contracts funded by ARPA, CARES Act, MHSA and the General Fund.

**b. Phases of the Forensic Audit**

As outlined in the RFP and Weaver’s contract with the County, the forensic audit was to be conducted in phases for purposes of completing and reporting the results of the forensic audit in a timely manner. Prior to the County’s issuance of the RFP, the Internal Audit Department (“IAD”) identified the County contracts to be included in the scope of work of the forensic audit, as well as the assignment of contracts across four (4) phases. Based on the contracts identified by IAD that met the criteria outlined in the scope of work, the forensic audit included the review of over 2,500 contracts totaling approximately \$4.3 billion for all phases, as summarized in the table below.

Summary of Contracts Included in Forensic Audit Scope (By Phase)		
Phase	No. of Contracts	Contract Amount
Phase 1 (Top Priority Contracts)	145	\$ 486,187,115
Phase 2 (High Priority Contracts)	681	1,712,996,693
Phase 3 (Medium Priority Contracts)	731	1,012,238,280
Phase 4 (Low Priority Contracts)	995	1,055,919,677
<b>Total</b>	<b>2,552</b>	<b>\$ 4,267,341,766</b>

**c. Overview of Phase 1 Contracts**

The scope of work for Phase 1 of the forensic audit included the review of 145 contracts totaling approximately \$486.2 million, which were identified by IAD as the “top priority contracts.” A summary of the contracts included in Phase 1 of the forensic audit is provided in the table below.

Summary of Phase 1 Contracts by Department / Agency		
County Department / Agency	No. of Contracts	Contract Amount
HCA (Health Care Agency)	49	\$ 406,662,835
OCCR (OC Community Resources)	47	22,227,664
CEO (County Executive Office)	25	50,184,652
COB (Clerk of the Board)	8	96,593
SSA (Social Services Agency)	7	6,768,532
C-R (Clerk Recorder)	4	5,238
PD (Public Defender's Office)	1	3,229
A-C (Auditor Controller Office)	1	1,893
OCWR (OC Waste & Recycling)	1	207,879
DA (District Attorney)	1	19,985
TTC (Treasurer-Tax Collector)	1	8,614
<b>Total</b>	<b>145</b>	<b>\$ 486,187,115</b>

### III. Work Steps Performed

As outlined in the work plan included in Weaver’s proposal to the County, Weaver’s review of the contracts included in Phase 1 of the forensic audit was organized into eight (8) work steps, as summarized below.

Work Step	Description of Work Performed During Phase 1
<p><b>Work Step 1:</b> Planning/Kickoff Meetings</p>	<p>On November 19, 2025, Weaver met with the Internal Audit Department for the engagement kickoff meeting for Phase 1 of the forensic audit.</p> <p>Weaver conducted kickoff meetings with the County Procurement Office, County Executive Office, Health Care Agency, OC Community Resources, and Social Services Agency to gain an understanding of procurement processes and procedures, as well as to request supporting documentation for the Phase 1 contracts.</p>
<p><b>Work Step 2:</b> Research/Investigation of Vendors</p>	<p>Weaver conducted background research of each of the 56 vendors associated with the 145 contracts included in Phase 1, using public records databases such as LexisNexis, as well as other publicly available information.</p>
<p><b>Work Step 3:</b> Review of Procurement Process and Competitive Bidding</p>	<p>For each of the 145 Phase 1 contracts, Weaver performed a review of the vendor selection process and evaluated the County’s procurement / competitive bidding processes.</p>
<p><b>Work Step 4:</b> Review of Payment Records</p>	<p>For each of the 145 Phase 1 contracts, Weaver performed a review of contract and payment records, including contract documents, accounts payable data, requisitions, purchase orders, invoices, payment request forms, and other payment records available for our review.</p>
<p><b>Work Step 5:</b> Review of Emails / Other Communications</p>	<p>Weaver obtained and reviewed email communications related to the Phase 1 contracts, based on relevant email communications identified through searches of vendor names, contract numbers, and specific custodians involved in the contract procurement process.</p>
<p><b>Work Step 6:</b> Evaluation of Compliance with Local/State/Federal Requirements</p>	<p>Weaver evaluated compliance with local, state and federal procurement requirements, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• County Contract Policy Manual</li> <li>• California Government Code</li> <li>• CARES Act / ARPA / MHSA Requirements</li> </ul>
<p><b>Work Step 7:</b> Written Draft Report of Findings</p>	<p>Weaver prepared a draft written report summarizing the observations, findings and recommendations for Phase 1 of the forensic audit.</p>
<p><b>Work Step 8:</b> Presentation of Findings</p>	<p>Weaver plans to present the final report for Phase 1 to the Board during the Board meeting on March 24, 2026.</p>

#### **IV. Summary of Findings**

For each of the Work Steps 2-6 performed during Phase 1 of the forensic audit, Weaver prepared a summary of our observations and findings for the 145 contracts included in our review, as well as assigned a risk rating for each contract for each Work Step. A summary of risk ratings assigned by Weaver for each contract is provided in **Appendix A**, with detail of our observations and findings for each of the 145 contracts included in Phase 1 (by Work Step) provided in **Appendix B**.

For Phase 1 contracts identified by Weaver as higher risk based on the completion of Work Steps 2-6, Weaver performed additional work steps, such as conducting additional interviews with individuals from the County, and/or representatives for the vendor/contractor, as well as gathered additional data and documentation as needed. A summary of Weaver's observations and findings for the Phase 1 contracts where we identified higher risk and/or areas of concerns is provided below, with additional detail in support of our findings included in subsequent sections of this Report.<sup>3</sup>

##### **a. District 1 Tone at the Top Undermined County's Procurement Controls**

Past leadership for District 1, specifically Former Supervisor Do and his former Chief of Staff, Mr. Wangsaporn, were very involved in procurement decisions and established a culture where decisions related to District 1 contracts were not to be questioned, with procurement staff concerned that they would receive a phone call from Former Supervisor Do or his Chief of Staff if their requests were not approved. Procurement staff also indicated that former District 1 leadership would go to their supervisor in certain instances to obtain the approval needed for procurement matters. Specific decisions that appeared to have been impacted by former District 1 leadership included lump sum advanced payments for service contracts, directives to pay vendors and contractors for invoices with open issues under review, and the selection of vendors and grant recipients, which are discussed in more detail throughout this Report.

##### **b. Emergency Purchasing Authority and Sole Sourcing Allowed Contract Awards without Competitive Bidding or Board Approval**

Emergency purchasing authority implemented in April 2020 due to the COVID-19 pandemic, as well as sole source procurements allowed contracts to be approved without competitive bidding or Board approval.

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<sup>3</sup> The observations and findings outlined in the body of the Report represent the contracts where we identified higher risks or concerns that required further review. A summary of our observations and findings for all 145 contracts included in Phase 1 is provided in **Appendix A** and **Appendix B** to this Report.

Oversight of emergency purchases was limited as departments were only required to prepare an emergency justification memo, which resulted in blanket authorizations for broad categories of purchases directly or indirectly related to the County's response to COVID-19, with limited visibility of purchase amounts and vendors selected.

### **c. Former Supervisor Do Steered Contracts to Specific Businesses**

Based on our review of County contracts included in Phase 1 of the forensic audit, we identified a pattern of contracts and grants being steered to certain businesses by Former Supervisor Do, which was often facilitated by his Chief of Staff. Contracts appeared to have been steered towards businesses that employed an immediate family member of Former Supervisor Do, businesses that contributed to his political campaigns shortly after being awarded a contract, businesses that provided a media platform for Former Supervisor Do, as well as businesses involved in various aspects of the Tet and Moon Festivals put on each year for District 1 "constituents."<sup>4,5</sup>

### **d. Limited County Oversight of Revenues and Expenditures for District 1 Festivals**

While the County funded the Tet and Moon Festivals, we determined that sponsorship revenues were paid to third parties in lieu of being paid to the County, which raised concerns given that these were County-funded events. Based on interviews conducted during Phase 1 of the forensic audit, we determined that sponsorship revenues were primarily received either by Peter Pham (through his business HD Entertainment), or by 2T Media, who had a separate agreement to remit a portion of sponsorships to HD Entertainment, with 30% to be retained as a commission.<sup>6</sup> While email communications appeared to indicate that Former Supervisor Do and Mr. Wangsaporn were aware that sponsorship revenues were being paid to 2T Media, based on interviews conducted by Weaver, it did not appear that County procurement staff was aware that sponsorship revenues for the Tet and Moon Festivals were being paid to businesses

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<sup>4</sup> While the County did not require vendors to disclose campaign contributions to County officials (e.g., Board members) until January 2023, the pattern of contracts being awarded to vendors that contributed to Former Supervisor Do's political campaigns raises questions and concerns about potential "pay-to-play" schemes.

<sup>5</sup> We identified email communications discussing mailer invitations being sent to District 1 constituents for the Tet and Moon Festivals. The use of the term "constituents" was notable as it is typically associated with a political campaign.

<sup>6</sup> Peter Pham was not employed by the County but involved in various aspects of community events and outreach efforts by District 1. Mr. Pham also had ownership interests or affiliations with various businesses, including Viet America Society, HD Entertainment, and Perfume River Restaurant (owned by Aloha Financial Investment). Peter Pham was also affiliated with HD Construction, which appeared to have performed a kitchen remodel of Former Supervisor Do's personal residence in March 2021, based on an email identified by Weaver containing inspection results.

separate from the County.<sup>7,8</sup> Additional detail of our review of sponsorship revenues paid to 2T Media is discussed in more detail in **Section A** of this Report.

We also observed limited oversight of County expenditures associated with the District 1 festivals, with advanced payments to 2T Media to provide entertainment for the festivals based on round dollar amounts with limited supporting documentation. While it was not included in our scope of work, during Phase 1 we determined that Former Supervisor Do brought in other businesses to provide various services related to the Tet and Moon Festivals, including Viet America Society, Aloha Financial Services (dba Aloha Media), HD Entertainment, and Premiere Entertainment Solutions.

**e. Pass-Thru Grants Obfuscated County's Visibility of Disbursements to Subrecipients**

Former Supervisor Do directed pass-thru grant recipients of the District 1 Arts Relief Program, such as Garden Grove Community Foundation and Westminster Chamber of Commerce, to award grants to certain businesses, with pass-thru grant recipients involved in the selection of grant subrecipients for only 33% of the grant funds. By steering grant funds to certain subrecipients as a pass-thru, on its surface the grants did not appear to be awarded by the County which obfuscated the visibility of certain grant subrecipients. Specific examples are provided below, with additional detail provided in **Section B** of this Report.

- Of the \$300,000 awarded to Garden Grove Community Foundation as a pass-thru grant under the District 1 Arts Relief Program, \$200,000 was awarded to two (2) subrecipients selected by Former Supervisor Do, including \$100,000 to 2T Media and \$100,000 to Premiere Entertainment Solutions.<sup>9</sup>
- Of the \$300,000 awarded to Westminster Chamber of Commerce as a pass-thru grant under the District 1 Arts Relief Program, \$200,000 was awarded to four (4) subrecipients selected by Former Supervisor Do, with awards of \$50,000 each to Viet America Society, Integrated

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<sup>7</sup> Weaver received documentation showing at least \$15,000 in sponsorship revenues received by 2T Media for the 2020 Tet Festival and at least \$4,000 received by 2T Media for the 2022 Tet Festival. However, it is our understanding that the majority of sponsorships were received by HD Entertainment and Peter Pham, who was described as the person that organized the festival sponsorships.

<sup>8</sup> While it did not appear that County procurement staff at OCCR were aware that sponsorship revenues were being paid to 2T Media, the County should have been aware given that certain departments were amongst the sponsors that issued payments to 2T Media, including OC Waste & Recycling (OCWR) and OC Department of Child Support.

<sup>9</sup> Campaign finance reports indicated that both 2T Media and Premiere Entertainment Solutions contributed the maximum amount to Former Supervisor Do's campaign for State Treasurer in 2022, with contributions of \$8,100 by 2T Media on May 6, 2022 and \$8,100 by Premiere Entertainment Solutions on June 1, 2022. Additionally, both 2T Media and Premiere Entertainment Solutions were involved in providing entertainment and event services related to the Tet Festival and Moon Festival organized each year by District 1, as well as other contracts for various media and outreach services for District 1.

Broadcasting Congregation, Saigon Television Corp, and Vietnamese America Philharmonics.<sup>10</sup>

**f. Former Supervisor Do Exerted Influence Over Payment Authorization Decisions**

Weaver identified several instances during Phase 1 of the forensic audit where Former Supervisor Do appeared to use his position as a Board Supervisor to exert influence over payment authorizations to contractors. Most notably, in October 2021, Former Supervisor Do appeared to authorize the Health Care Agency's Director to issue a payment in excess of \$800,000 to 360 Clinic for uncollectible claims invoiced to the County in relation to COVID-19 testing services. At that time, the County was performing a review of the uncollectible claims reports and supporting documentation after certain concerns had been raised regarding 360 Clinic's billing practices, which are discussed in more detail in **Section C** of this Report.

We also found that Former Supervisor Do appeared to direct the Westminster Chamber of Commerce to disburse \$50,000 to a subrecipient for the District 1 Arts Relief Program. At that time, Westminster Chamber of Commerce was working to obtain additional required documentation from the subrecipient prior to disbursing the funds, but was directed by Former Supervisor Do to disburse the funds immediately.

We were also informed by OCCR procurement staff that Former Supervisor Do and his Chief of Staff had multiple communications with OCCR requesting for the grant funds for the District 1 Arts Relief Program to be disbursed as quickly as possible, and expressed frustration with the amount of time needed by OCCR to perform its due diligence and finalize the contracts.

**g. Weaver Review of Other Phase 1 Contracts**

The findings detailed in this Executive Summary and the body of the Report pertain to 33 of 145 contracts reviewed during Phase 1. For the 112 contracts not discussed in detail in the Executive Summary or Sections A-E of this Report, only minor observations were identified, if any, which are detailed in **Appendix B**. Additionally, while observations were identified for certain of these contracts detailed in Appendix B, upon further examination, review of additional documentation, and discussions with County staff, Weaver determined that these observations did not arise to the level of a finding.

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<sup>10</sup> Former Supervisor Do's daughter was listed as the Executive Director for Viet America Society in 2022. Additionally, campaign finance reports indicated that Independent Broadcast Congregation (dba IBC TV) and Michael Nguyen (CEO of Saigon TV) both donated to Former Supervisor Do's campaign for State Treasurer in June 2022, including \$1,000 by IBC TV and \$2,500 by Michael Nguyen.

## V. Recommendations

Based on the observations and findings identified during Phase 1 of the forensic audit for contracts from January 2019 through August 2024, Weaver has prepared the following recommendations for the County's consideration. It is Weaver's understanding that subsequent to August 2024, the County has taken steps to address some of these areas, including updates to the Contract Policy Manual.

### a. Adopt Standardized Invoicing Requirements in Contract Policy Manual

During Phase 1 of the forensic audit, we identified a pattern of invoices being paid with limited detail of services provided or itemization of costs, which was particularly common for fixed fee contracts issued at the direction of District 1 (e.g., contracts with 2T Media). While the contract included requirements for information to be included on the invoice (e.g., product/service description, quantity and prices), we did not identify specific invoice requirements within the County's Contract Policy Manual. **We recommend that the County consider updates to the Contract Policy Manual defining the requirements for an acceptable invoice to promote consistency, transparency, and compliance across all contracts.**

### b. Update Code of Ethics to Ensure Board Members Do Not Influence Procurement Decisions

During Phase 1 of the forensic audit, we identified instances whereby Former Supervisor Do was involved in decisions related to the selection of vendors and grant recipients, contract and grant amounts, as well as payment authorization decisions. The role of Board members should be focused on County governance, including setting strategy, providing oversight, monitoring risk, and approving major contracts (when required). Board members should not overstep their governance role and take on a management role, such as directing County staff on decisions related to procurement, or contacting procurement staff if they disagree with a contracting decision. **We recommend the County consider reviewing and updating the Code of Ethics and Commitment to Public Service to ensure guidelines are clearly and sufficiently stated to prevent Board members from directing and/or influencing procurement decisions by County procurement staff.**

### c. Standardize Monitoring Requirements for Federal Contracts

The County's grant agreements for the District 1 Arts Relief Program required grant recipients to self-certify that funds would be used in accordance with the allowable uses outlined in the contract, which was a practice inconsistent with other grants administered by the County. As a best practice, the County should not rely on self-certification of the grant recipients as a sole method for verifying the eligibility of the grant

recipient or monitoring the appropriate use of grant funds. **We recommend that County contracts involving the award of federal funds include consistent requirements for verifying the eligibility of contract recipients and monitoring the use of funds, including independent verification, as well as stronger documentation and recordkeeping requirements.** These enhancements would help ensure that federal funds are used in accordance with program requirements and would better align County practices with established standards for effective federal funds administration.

**d. Extend Due Diligence Procedures to Subcontractors and Subawards**

During Phase 1 of the forensic audit, we identified instances where the County's due diligence procedures do not appear to have been performed for subcontractors or subawards, which provided opportunities to circumvent the County's vetting and due diligence process, thus increasing the risk for fraud, waste and abuse, as well as conflicts of interest. It is our understanding that the County Procurement Office issued a memorandum in November 2024 requiring subcontractors to be vetted through the same due diligence process as the prime contractor. **We recommend the County ensure that due diligence procedures are performed for subcontractors and subawards as stated in the November 2024 memorandum, and consider adopting these requirements in the Contract Policy Manual.**

**e. Enhanced Annual Training Focused on Fraud and Internal Controls**

An effective fraud training program is important to foster a culture of honesty and integrity with strong ethical values. County employees, especially those involved in the purchasing and procurement function, should receive regular training on fraud, waste and abuse, including best practices on internal controls to deter and detect potential fraud schemes. **We recommend the County ensure recurring annual training focused on best practices for purchasing, procurement and internal controls, as well as the prevention and detection of potential fraud, waste and abuse.**

**f. Evaluate Effectiveness of Fraud Reporting Hotline**

An effective fraud reporting function is critical to ensure the safeguarding of public funds and preserve public trust, with over 40% of frauds detected through tips and information reported through a fraud hotline according to the Association of Certified Fraud Examiners. **We recommend the County evaluate the current fraud hotline to ensure employees are sufficiently aware of how to report fraud, waste and abuse; there are clear protocols for information required from the whistleblower, as well as processes for review and investigation of allegations; and that employees have the ability to report information without fear of retaliation.**

**g. Establish Guidelines for the Solicitation and Receipt of Sponsorship Revenues from County-Funded Events**

During Phase 1 of the forensic audit, we identified sponsorship revenues for the County-funded Tet Festival and Moon Festival organized by District 1 that were solicited and collected by third parties, which did not appear to have been remitted to the County. **We recommend that the County consider establishing formal guidelines to ensure that all revenues associated with County-funded events are received by the County, and implement controls governing the receipt, tracking, and remittance of sponsorship funds.**

**h. Standardize Emergency Justification Memorandums Across Departments**

During Phase 1 of the forensic audit, we identified inconsistencies across departments regarding the information included in emergency justification memorandums required under the County's Contract Policy Manual for emergency purchases. Certain departments such as OCCR prepared memorandums with justifications for each purchase, whereas HCA prepared emergency procurement requests on a weekly basis with a high-level summary of purchases, without identifying the contractor/vendor or the estimated purchase amount. **We recommend the County consider implementing a standard form for emergency justification memorandums requiring detailed information for emergency purchases over \$1,000, including, but not limited to, the name of the contractor/vendor, the estimated contract amount, and justification for the emergency purchase.**

**i. Improve Consistency of Sole Source Justifications**

We identified inconsistencies in the justifications provided for sole source procurements across County departments. Specifically, the level of detail, clarity, and supporting documentation varied from one department to another, resulting in an uneven application of the County's sole source requirements. Detail of sole source justifications were inconsistent in providing sufficient rationale to demonstrate why competitive procurement was not feasible or why the selected vendor was uniquely qualified.

**We recommend that the County consider more stringent and restrictive requirements for sole source procurements to be performed consistently across all departments, including requirements for more detailed and substantive justifications within the Sole Source Request Forms.** This should include clear explanations of why competitive procurement is not feasible, documentation of market research performed, and evidence supporting the uniqueness of the vendor or service. To promote consistency and improve oversight, we further recommend standardizing the level of detail and documentation required across all

County departments. This may be achieved by updating the Contract Policy Manual, developing standardized templates, and providing training to ensure that all departments apply the sole source justification requirements uniformly.

**j. Recovery of Any Overpayments to 360 Clinic for Uncollectible Claims Related to COVID-19 Testing Services**

Based on our review of the County's contract with 360 Clinic for COVID-19 testing services during the July 2020 – June 2021 time period, we identified amounts invoiced to the County for uncollectible claims that require further review to determine whether the County was appropriately invoiced, including potentially duplicate claims and claims that appeared to be partially paid by the insurance provider, among other potential issues. **We recommend that the County obtain additional records from 360 Clinic to determine whether any uncollectible claims paid by the County should be recouped based on the terms of the contract.**

**k. Referral of Campaign Contributions to Former Supervisor Do**

During Phase 1 of the forensic audit, we identified at least one instance that raised concerns about the validity of campaign finance reports for Former Supervisor Do's campaign for State Treasurer in 2022.<sup>11</sup> **We recommend the County consider a referral of this matter to the appropriate agency for further review and investigation, including the County's Office of Campaign, Finance and Ethics Commission and/or the California Fair Political Practices Commission.**

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<sup>11</sup> Campaign finance reports maintained by the California Secretary of State indicated that 2T Media contributed \$8,100 in May 2022 to Former Supervisor Do's campaign for State Treasurer, which was the maximum allowable contribution. However, 2T Media's CEO, Mr. Ngo, informed Weaver that he never made a contribution of \$8,100 to Former Supervisor Do's campaign, which he confirmed after reviewing his financial records.

## A. Contracts with 2T Media

### I. Scope of Work

Phase 1 of the forensic audit included the review of 19 contracts with 2T Media, LLC ("2T Media") totaling \$623,000 during the August 2018 – July 2024 time period. A summary of the contracts included in our review is provided in the table below.

Summary of Phase 1 Contracts to 2T Media LLC							
#	Agreement	Date	Funding Source	Dept	MA Description	Procurement Type	Amount
115	CT01219010171	8/9/2018	General Fund	OCCR	Marketing Services for First District's Sponsored Events (8/2018 - 2/2019)	One (1) Quote	\$ 12,000
90	CT01219010267	9/13/2018	General Fund	OCCR	2019 TET Festival - Event Services	One (1) Quote	40,000
111	CT01219010974	3/7/2019	General Fund	OCCR	Marketing Services for First District's Sponsored Events (2/2019 - 8/2019)	One (1) Quote	12,000
89	CT01220010187	8/22/2019	General Fund	OCCR	2020 TET Festival - Event Services	One (1) Quote	40,000
112	CT01220010331	9/17/2019	General Fund	OCCR	Marketing Services for First District's Sponsored Events (9/2019 - 2/2020)	One (1) Quote	12,000
91	CT01221010191	7/24/2020	CARESAct	OCCR	Strategic Media Outreach for First District's Sponsored COVID-19 Related Events (7/2020 - 12/2021)	One (1) Quote	36,000
92	CT01221010430	8/31/2020	General Fund	OCCR	2020 MOON FESTIVAL - VIDEO & MARKETING SERVICES	One (1) Quote	30,000
83	CT01222010376	9/9/2021	General Fund	OCCR	2022 TET Festival - Event Services	One (1) Quote	50,000
88	PO01722010729	12/17/2021	ARPA	CEO	Strategic Media Outreach Consultancy Services (1/2022 - 12/2022)	One (1) Quote	40,000
108	CT01222010902	1/31/2022	General Fund	OCCR	Strategic Media Outreach for First District's Sponsored COVID-19 Related Events (1/2022 - 6/2022)	One (1) Quote	17,000
84	CT01222011443	6/16/2022	General Fund	OCCR	2023 TET Festival - Event Services	One (1) Quote	50,000
113	CT01223010182	8/29/2022	General Fund	OCCR	Media Outreach for First District's Sponsored Events and COVID-19 Related Events (8/2022 - 12/2022)	One (1) Quote	12,000
105	CT01223010611	12/22/2022	General Fund	OCCR	2023 TET FESTIVAL   DISTRICT 1	Sole Source	20,000
114	CT01223010917	3/20/2023	General Fund	OCCR	Strategic Media Outreach for First District's Sponsored Events (3/2023 - 6/2023)	One (1) Quote	12,000
87	CT01224010489	4/24/2023	General Fund	OCCR	2024 TET Festival - Event Services	Sole Source	45,000
86	MA01724010176	8/8/2023	General Fund	CEO	Strategic Media Outreach Consultancy Services (8/2023 - 9/2023)	ONE (1) QUOTE	45,000
80	CT01224010216	8/26/2023	General Fund	OCCR	Strategic Media Outreach for District 1 (8/2023 - 6/2024)	Sole Source	60,000
93	CT01223011078	12/29/2023	General Fund	OCCR	2024 TET FESTIVAL   DISTRICT 1	One (1) Quote	30,000
79	GAX01225000339	7/24/2024	General Fund	OCCR	2024 Moon Festival - Entertainment Program		60,000
							<b>\$ 623,000</b>

### II. Work Performed

Weaver performed the following work steps during Phase 1 of the forensic audit as part of our review of the contracts with 2T Media.

- Performed background research of the vendor, including a review of information included in the LexisNexis SmartLinx Business Search, as well as online news articles
- Obtained and reviewed procurement documents associated with each of the 19 contracts, including contracts, purchase orders, quotes, proposals, requisition forms, invoices, and other documents and disclosures included in the contract files
- Analyzed payment records associated with invoices submitted by the vendor
- Reviewed email communications between the County and the vendor
- Conducted interviews with 2T Media's CEO, Aaron Ngo, as well as the Contract Manager for the County

### III. Analysis of Contracts with 2T Media

A summary of our analysis of the 19 contracts with 2T Media is provided below. A chronology of events related to the County contracts with 2T Media is provided as an attachment to this Report (**Appendix C**).

#### a. Marketing and Strategic Media Outreach Services

We determined that 2T Media began providing marketing and strategic media outreach services for District 1 in 2018, which was at the request and direction of former District 1 Supervisor, Andrew Do (“Former Supervisor Do”).<sup>12</sup> Based on our interview of 2T Media’s CEO, Aaron Ngo (“Mr. Ngo”), in 2018 2T Media began working with Former Supervisor Do to record a weekly talk show focused on the Vietnamese community, which was produced and broadcasted by 2T Media. Mr. Ngo indicated that 2T Media was also asked to record voice-overs, translated into Vietnamese, for public announcements and events being organized by District 1. County contracts awarded to 2T Media marketing and strategic media outreach services for District 1 totaled \$258,000, which was initially based on a fee of \$2,000 per month and increased to \$5,000 per month in 2023, as summarized in the table below.

Summary of Phase 1 Contracts to 2T Media LLC - Marketing and Strategic Media Outreach Services							
#	Agreement	Date	Funding Source	Dept	MA Description	Procurement Type	Amount
115	CT01219010171	8/9/2018	General Fund	OCCR	Marketing Services for First District's Sponsored Events (8/2018 - 2/2019)	One (1) Quote	\$ 12,000
111	CT01219010974	3/7/2019	General Fund	OCCR	Marketing Services for First District's Sponsored Events (2/2019 - 8/2019)	One (1) Quote	12,000
112	CT01220010331	9/17/2019	General Fund	OCCR	Marketing Services for First District's Sponsored Events (9/2019 - 2/2020)	One (1) Quote	12,000
91	CT01221010191	7/24/2020	CARESAct	OCCR	Strategic Media Outreach for First District's Sponsored COVID-19 Related Events (7/2020 - 12/2021)	One (1) Quote	36,000
88	PO01722010729	12/17/2021	ARPA	CEO	Strategic Media Outreach Consultancy Services (1/2022 - 12/2022)	One (1) Quote	40,000
108	CT01222010902	1/31/2022	General Fund	OCCR	Strategic Media Outreach for First District's Sponsored COVID-19 Related Events (1/2022 - 6/2022)	One (1) Quote	17,000
113	CT01223010182	8/29/2022	General Fund	OCCR	Media Outreach for First District's Sponsored Events and COVID-19 Related Events (8/2022 - 12/2022)	One (1) Quote	12,000
114	CT01223010917	3/20/2023	General Fund	OCCR	Strategic Media Outreach for First District's Sponsored Events (3/2023 - 6/2023)	One (1) Quote	12,000
86	MA01724010176	8/8/2023	General Fund	CEO	Strategic Media Outreach Consultancy Services (8/2023 - 9/2023)	ONE (1) QUOTE	45,000
80	CT01224010216	8/26/2023	General Fund	OCCR	Strategic Media Outreach for District 1 (8/2023 - 6/2024)	Sole Source	60,000
							<b>\$ 258,000</b>

While payments to 2T Media were initially paid on a monthly basis as services were provided (i.e., \$2,000 each month), beginning in October 2019, fees were paid as a lump sum for the entire contract amount prior to services being performed.<sup>13</sup> Based on our interview of the County’s Contract Manager for the contracts

<sup>12</sup> 2T Media was formed in 2017 and provides marketing and media services, including TV, radio and streaming. In 2019, VietVision TV was formed to serve as a platform for businesses to advertise their services, which is owned by 2T Media.

<sup>13</sup> As an example, on 10/3/2019, the County paid a lump sum of \$12,000 to 2T Media for services to be provided during the September 2019 – February 2020 time period (CT01220010331).

with 2T Media, it appeared that a directive was given by the former District 1 Chief of Staff, Chris Wangsaporn, that all contracts with 2T Media were required to be paid in advance, which was presented to the Contract Manager as non-negotiable. While the Contract Manager expressed concerns about the advance payment of contracts to 2T Media, the Contract Manager indicated that the directive had the support of Former Supervisor Do, as well as the former Manager of OC Community Events, and former OCCR Business Office Manager, both of whom the Contract Manager reported to.

**b. Event Services for the District 1 Tet Festival**

At the direction of District 1, 2T Media was contracted by the County to provide event services for the annual Tet Festival each year from 2019 – 2024.<sup>14</sup> Based on our review of procurement records and our interview of Mr. Ngo, 2T Media was contracted to provide entertainment for the Tet Festival each year, including providing a band, singers, and Master of Ceremony (MC) services for the 3-day event. Mr. Ngo indicated that costs associated with the event were based on the caliber of singers (e.g., Level A Plus, Level B, Level C), with event program selections being made by Former Supervisor Do.<sup>15</sup> The County paid \$275,000 to 2T Media for event services for the Tet Festivals from 2019 – 2024, which increased from \$40,000 for the 2019 Tet Festival to \$75,000 for the 2024 Tet Festival, as summarized in the table below.

Summary of Phase 1 Contracts to 2T Media LLC - Event Services for Tet Festivals							
#	Agreement	Date	Funding Source	Dept	MA Description	Procurement Type	Amount
90	CT01219010267	9/13/2018	General Fund	OCCR	2019 TET Festival - Event Services	One (1) Quote	\$ 40,000
89	CT01220010187	8/22/2019	General Fund	OCCR	2020 TET Festival - Event Services	One (1) Quote	40,000
83	CT01222010376	9/9/2021	General Fund	OCCR	2022 TET Festival - Event Services	One (1) Quote	50,000
84	CT01222011443	6/16/2022	General Fund	OCCR	2023 TET Festival - Event Services	One (1) Quote	50,000
105	CT01223010611	12/22/2022	General Fund	OCCR	2023 TET FESTIVAL   DISTRICT 1	Sole Source	20,000
87	CT01224010489	4/24/2023	General Fund	OCCR	2024 TET Festival - Event Services	Sole Source	45,000
93	CT01223011078	12/29/2023	General Fund	OCCR	2024 TET FESTIVAL   DISTRICT 1	One (1) Quote	30,000
							<b>\$ 275,000</b>

Contracts for event services for the Tet Festivals were paid to 2T Media as a lump sum in advance, without competitive bidding or solicitation of quotes from other businesses.<sup>16</sup> The proposals and invoices submitted

<sup>14</sup> The 2021 Tet Festival was cancelled as a result of the COVID-19 pandemic.

<sup>15</sup> According to Mr. Ngo, during the planning for each Tet Festival, he met with Former Supervisor Do to provide options for singers and bands and their respective pricing, with Former Supervisor Do making the selections for the event program. Mr. Ngo also indicated that the pricing for singers could be as high as \$7,000 for the highest tier singers.

<sup>16</sup> Event services for the Tet Festivals in 2019, 2020 and 2022 were procured as a 1-quote procurement, based on proposals submitted by 2T Media to Former Supervisor Do each year. For the 2023 and 2024 Tet Festivals, 2T Media was contracted through a sole source procurement with the following justification: "2T Media understands the cultural significance of Tet celebration and provides entertainment in Vietnamese."

by 2T Media did not include an itemized breakout of costs for singers or bands, which were presented as round dollar amounts with limited detail.

During our review of email communications related to the Tet Festivals, Weaver identified documentation that appeared to indicate that vendor sponsorships for booths at the Tet Festivals were paid directly to 2T Media, instead of being paid to the County. During our interview of Mr. Ngo, we were informed that 2T Media had an agreement with Peter Pham, through his business HD Entertainment, to assist HD Entertainment with sponsorship sales for the 2020 and 2022 Tet Festivals.<sup>17</sup> Under the agreement, sponsorships collected by 2T Media were to be paid to HD Entertainment, with 2T Media retaining a portion of the sponsorship revenue for certain expenses, and a commission of 30%. Based on supporting documentation provided to Weaver by Mr. Ngo, it appeared that 2T Media received \$15,050 in sponsorships from 13 vendors for the 2020 Tet Festival, of which \$5,375 was applied towards expenses, \$4,515 was retained as a commission, and \$5,160 was remitted to HD Entertainment.<sup>18</sup> For the 2022 Tet Festival, 2T Media received \$4,100 in sponsorships from four (4) vendors, with \$1,230 retained as a commission and \$2,870 remitted to HD Entertainment.<sup>19</sup> According to Mr. Ngo, all sponsorships were paid directly to HD Entertainment for the 2023 and 2024 Tet Festivals.

**c. Event Services for the District 1 Moon Festival**

In addition to the annual Tet Festival, 2T Media was contracted by the County to provide event services for the Moon Festival put on by District 1 in 2020 and 2024. The County paid \$30,000 to 2T Media to provide entertainment programming for the 2020 Moon Festival (held virtually due to the COVID-19 pandemic), and \$60,000 for the 2024 Moon Festival, as summarized in the table below.

Summary of Phase 1 Contracts to 2T Media LLC - Event Services for Moon Festivals							
#	Agreement	Date	Funding Source	Dept	MA Description	Procurement Type	Amount
92	CT01221010430	8/31/2020	General Fund	OCCR	2020 Moon Festival - Video & Marketing Services	One (1) Quote	\$ 30,000
79	GAX01225000339	7/24/2024	General Fund	OCCR	2024 Moon Festival - Entertainment Program		60,000
							<b>\$ 90,000</b>

The original proposal submitted to Former Supervisor Do by 2T Media was for \$20,000 for the 2020 Moon Festival, which included the acquisition of entertainers to perform, as well as a video recording of the

<sup>17</sup> See Exhibit 1.

<sup>18</sup> See Exhibit 2.

<sup>19</sup> See Exhibit 3.

entertainment to be aired on local television. In September 2020, a contract amendment was approved to increase the contract amount from \$20,000 to \$30,000 for post-production services, even though it appeared that video editing was already included in the original scope of services for the virtual event. We also identified a sponsorship letter to prospective sponsors for the 2020 Moon Festival, with instructions for checks to be made payable to 2T Media.<sup>20</sup> However, we were unable to determine whether any sponsorships were received by 2T Media.

#### **IV. Summary of Findings**

A summary of Weaver’s observations and findings based on our review of contracts awarded to 2T Media is provided below.

##### **a. Services Provided at the Direction of Former Supervisor Do**

Based on our review, the services provided by 2T Media appeared to be provided at the direction of Former Supervisor Do, either directly, or through his former Chief of Staff, Mr. Wangsaporn. Marketing and strategic media outreach services primarily entailed the weekly recording of a talk show featuring Former Supervisor Do. Proposals submitted by 2T Media for entertainment programming for the Tet and Moon Festivals were submitted to Former Supervisor Do, who selected the artists to perform based on options provided by 2T Media.<sup>21</sup> Videos of the festivals show Former Supervisor Do’s logo prominently featured on the backdrop of the mainstage at different parts of the festival, including while he was speaking or performing on stage.<sup>22</sup> We also identified an email from Mr. Wangsaporn to a printing vendor (DTN Tech) requesting assistance to send a mailer to invite “**constituents**” to the 2020 Tet Festival, which was estimated to be approximately 54,000 households.<sup>23</sup> **[emphasis added]**

##### **b. Advanced Payments to 2T Media Required by Former Supervisor Do**

All payments to 2T Media for contracts to provide event services for the Tet and Moon Festivals were provided in advance of the event (in some cases 9 months in advance) as round dollar lump sum payments.

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<sup>20</sup> On August 19, 2020, 2T Media emailed the sponsorship letter to Former Supervisor Do’s Chief of Staff, Mr. Wangsaporn. See Exhibit 4.

<sup>21</sup> While not included in our scope of work, it is important to note that the County also entered into a contract with Aloha Financial Investment Inc. (dba Aloha Media) for \$25,000 to provide “Festival Management Services” for the 2020 Tet Festival. It is unclear if Aloha Media was involved in other festivals put on by District 1 as this was outside of Weaver’s scope of work.

<sup>22</sup> <https://www.youtube.com/watch?v=5ehV6B4dbM0>

<sup>23</sup> See Exhibit 5.

Starting in October 2019, all payments to 2T Media for contracts related to marketing and strategic media outreach were also paid in advance of services being performed as a round dollar lump sum payment. Based on our interview of a contract manager at the County, a directive was given by District 1 leadership that 2T Media was required to be paid in advance, which was presented to procurement staff as a non-negotiable request that could result in a phone call from Former Supervisor Do if the request wasn't followed.

### **c. Sponsorship Payments Received by 2T Media Instead of the County**

While the County funded the Tet and Moon Festivals, it appeared that revenues from sponsorship booths were remitted to either 2T Media or Peter Pham, through his business HD Entertainment. While email communications appeared to indicate that Former Supervisor Do and Mr. Wangsaporn were aware that sponsorship revenues were being paid to 2T Media, based on interviews conducted by Weaver it did not appear that County procurement staff at OCCR was aware that sponsorship revenues for the Tet and Moon Festivals were not being received by the County.<sup>24</sup>

### **d. Limited Cost Detail for Contracts Awarded to 2T Media**

With the exception of the contract issued in August 2023 through the County Executive Office for Strategic Media Outreach Consultancy Services (MA-017-24010176), none of the contracts awarded to 2T Media included cost detail for services to be provided by 2T Media on an itemized basis (i.e., pricing sheets for services to be performed).<sup>25</sup> Contracts were awarded on a firm-fixed fee basis, with limited detail on the scope of services, contractor requirements or contract deliverables. Given the recurring payments in advance of services being performed, the contracts to 2T Media resembled a retainer agreement where 2T Media was paid regardless of whether services were performed. As a result, 2T Media was paid the entire contract amount for 18 of 19 contracts, with payments issued by the County totaling \$590,345 out of the \$623,000 in awarded contracts.<sup>26</sup>

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<sup>24</sup> While it did not appear that County procurement staff at OCCR were aware that sponsorship revenues were being paid to 2T Media, the County should have been aware given that certain departments were amongst the sponsors that issued payments to 2T Media, including OC Waste & Recycling (OCWR) and OC Department of Child Support.

<sup>25</sup> Contract MA-107-24010176 was executed by the County Executive Office in August 2023 for 2T Media to provide media support and voice-over services, to be used for announcements and information on television, on radio, and at events. This was the only contract awarded to 2T Media that included a detailed pricing sheet with unit prices for the different services to be provided (e.g., 30 second spot or 45 second spot). The contract also stipulated that services would be provided on an as-needed basis and usage was not guaranteed.

<sup>26</sup> Contract MA-107-24010176 was the only contract where 2T Media was not paid the full contract amount, with 2T Media receiving \$12,345 of the \$45,000 contract amount.

**e. Lack of Competitive Bidding for Contracts Awarded to 2T Media**

We observed that all of the contracts awarded to 2T Media were procured without any competitive bidding, either as a single quote procurement, or as a sole source procurement. A handwritten sole source request form in August 2023 for the contract for strategic media outreach for District 1 in the amount of \$60,000 provided the following justification: *"2T Media is the only vendor with knowledge and experience to coordinate with D1 on community events. Additionally, audience reach is specific to 2T Media."*

**f. Campaign Contributions by 2T Media to Former Supervisor Do**

Campaign finance reports maintained by the California Secretary of State indicated that 2T Media contributed \$8,100 in May 2022 to Former Supervisor Do's campaign for State Treasurer, which was the maximum allowable contribution. However, 2T Media's CEO, Mr. Ngo, informed Weaver that he never made a contribution of \$8,100 to Former Supervisor Do's campaign, which he confirmed after reviewing his financial records. The County implemented the Campaign Contribution Disclosure Form in 2023, which required vendors to disclose any campaign contributions made to Board members on or after January 1, 2023. While the purported campaign contribution of \$8,100 in May 2022 would not have required disclosure, the claim by Mr. Ngo that he did not make the campaign contribution raises concerns about the accuracy of campaign finance reports filed for Former Supervisor Do's campaign.

## B. District 1 Arts Relief Program Grants

### I. Scope of Work

On April 27, 2021, the Board authorized the allocation of \$5 million in American Rescue Plan Act (“ARPA”) funding equally between the County’s five (5) supervisorial districts for economic support to arts-related small businesses and non-profit organizations. District 1 awarded 16 grants totaling \$1 million during the September 2021 – January 2022 time period (referred to in this Report as the “District 1 Arts Relief Program”). Phase 1 of the forensic audit included the review of 11 grants included in the District 1 Arts Relief Program totaling \$760,000, as summarized in the table below.<sup>27</sup>

Summary of District 1 Arts Relief Program Grants						
Grant Recipient	Forensic Audit Contract No.	Grant Representative	Agreement No.	Contract Executed	Payment Request Form	Amount
<b>Pass-Thru Grants</b>						
Garden Grove Community Foundation	58	Tam Nguyen (President)	MA-012-22010810	1/6/2022	1/18/2022	\$ 300,000
Westminster Chamber of Commerce	59	Sophak Ok (CEO)	MA-012-22010885	1/4/2022	1/19/2022	300,000
<b>Grants Awarded Directly by the County</b>						
Discovery Cube	601 (Phase 2)		MA-012-22010385	9/3/2021	9/9/2021	100,000
Friends of the Santa Ana Zoo Foundation	674 (Phase 2)		MA-012-22010824	12/16/2021	12/20/2021	50,000
OC Childrens Therapy Arts Center	675 (Phase 2)		MA-012-22010825	12/13/2021	12/20/2021	50,000
Final Arts	97	John Nguyen (Owner)	MA-012-22010882	12/18/2021	1/6/2022	25,000
KidWorks	96	David Benavides (CEO)	MA-012-22010879	12/16/2021	12/21/2021	25,000
Me Viet Nam Productions	98	Hao Nhu Le (Owner)	MA-012-22010899	1/19/2022	1/19/2022	25,000
PT Group	99	Peter T Vo (Owner)	MA-012-22010925	1/6/2022	1/24/2022	25,000
DTN Tech	95	Serena Nguyen (CEO)	MA-012-22010924	1/4/2022	1/19/2022	25,000
Boys & Girls Club of Santa Ana	738 (Phase 2)		MA-012-22010878	12/16/2021	12/17/2021	20,000
The Wooden Floor	739 (Phase 2)		MA-012-22010894	12/18/2021	1/6/2022	20,000
Oasis Center International	116	Jin Sung (Executive Director)	MA-012-22010881	12/16/2021	12/20/2021	10,000
Relampago Del Cielo Folklorico Dance Co.	118	Lenora Pena-Sanchez (CEO)	MA-012-22010884	12/17/2021	1/6/2022	10,000
The All American Boys Chorus	117	Aaron Cassaro (CEO)	MA-012-22010883	12/17/2021	1/6/2022	10,000
Open Hands of Hope (Dynamite Book Club)	129	Marta Rodriguez (Director)	MA-012-22010880	12/20/2021	1/6/2022	5,000
						<b>\$ 1,000,000</b>

### II. Work Performed

Weaver performed the following work steps during Phase 1 of the forensic audit as part of our review of grants awarded under the District 1 Arts Relief Program.

- Performed background research of the grant recipients, including a review of information included in the LexisNexis SmartLinx Business Search, as well as online news articles

<sup>27</sup> The five (5) contracts highlighted in gray were not part of Weaver’s Phase 1 review. These contracts will be reviewed as part of Phase 2 of the forensic audit.

- Obtained and reviewed procurement documents maintained by OCCR, including contracts and amendments, purchase orders, quotes, proposals, requisition forms, invoices, payment request forms and other documents and disclosures included in the contract files
- Analyzed payment records associated with the contracts
- Reviewed email communications between the County and the grant recipients
- Conducted interviews with OCCR staff involved in procuring and administering the District 1 Arts Relief Program grants
- Conducted interviews with former staff from District 1 regarding the process for identifying grant recipients for the District 1 Arts Relief Program<sup>28</sup>
- Conducted interviews with representatives from Garden Grove Community Foundation regarding the grant awarded through the District 1 Arts Relief Program, including the former Board President, Tam Nguyen, and staff liaison, John Montanchez
- Conducted interviews with representatives from Westminster Chamber of Commerce regarding the grant awarded through the District 1 Arts Relief Program, including the former Board President, Sophak Ok

### III. Analysis of District 1 Arts Relief Program Grants

#### a. Garden Grove Community Foundation

On January 6, 2022, the County executed a grant agreement with Garden Grove Community Foundation (“GGCF”) for \$300,000 under the District 1 Arts Relief Program (MA-012-22010810). The grant agreement with GGCF was structured as a pass-thru grant, whereby GGCF was to award the funds to eligible businesses and non-profits based in Garden Grove.<sup>29</sup> A summary of relevant contract provisions is outlined in the table below.

Contract Section	Contract Detail
Purpose	Economic support to County-based arts related small businesses/non-profits that were negatively impacted by the COVID-19 pandemic.
Grant Amount	County will disburse \$300,000 to the Garden Grove Community Foundation in one payment in advance to support small businesses and/or non-profit organizations consistent with the Grant Program.
Grant Use	Funds must be spent on expenses incurred starting from March 3, 2021 and must be used as a response to the negative economic impacts of the COVID-19 public health emergency. Eligible expenses include the following: <ul style="list-style-type: none"> <li>(i) Operating Expenses</li> <li>(ii) COVID-19 Mitigation</li> <li>(iii) Impacted Industry</li> </ul>

<sup>28</sup> Weaver emailed the former Chief of Staff for District 1, Mr. Wangsaporn, to request an interview but did not receive a response.

<sup>29</sup> GGCF is a non-profit organization established by the City of Garden Grove.

Contract Section	Contract Detail
Certification	Each assisted business and/or non-profit shall certify that the following statements and responses are true: (i) Business/non-profit has suffered a negative economic impact due to the COVID-19 Public Health Emergency. (ii) Business/non-profit is in the tourism, travel, and hospitality. (iii) Business/non-profit will use the Grant Amount for the coverage of the eligible expenses (operating expenses, COVID-19 mitigation, and impacted industries).
Required Documentation	(i) Business license (ii) Most Recent Internal Revenue Service Form 990, Form 1120, or Form 1040, Schedule C, as applicable. (iii) Completed Form W-9. (iv) A description of the Eligible Expenses the Grant Amount will be used for. (v) A statement setting forth Business's negative economic impacts due to the COVID-19 public health emergency
Grant Disbursement	The County will disburse the Grant to the Arts Related Business/Non-Profit after all the following have been completed: 1) all Parties have signed this Agreement, 2) the Business/non-profit has submitted the required statement.
Term of Contract	January 6, 2022 – June 30, 2022
Contract Signed By	Renee Ramirez (OCCR), Tam Nguyen (GGCF, President)

We determined that GGCF received a lump sum payment of \$300,000 from the County in January 2022 for the District 1 Arts Relief Program grant, which was then sub-awarded to three (3) businesses (\$100,000 to each business). A summary of the grants sub-awarded by GGCF is provided in the table below.

District 1 Arts Relief Program Grants - Subawards Issued Through Garden Grove Community Foundation				
Subawardee	Weaver Description of Supporting Documentation	Time Period of Expenses	Awardee Financial Statement	Amount
One More Productions Inc.	Itemized detail of expenses for theater renovations	3/2022 - 4/2022	7/10/2022	\$ 100,000
2T Media LLC	Facility Lease from Garden Grove Community Center (\$17,500) Payroll for 3 fulltime employees at \$2,500/month for 11 months (\$82,500)	3/2021 - 1/2022	1/25/2022	100,000
Premiere Entertainment Solutions	Rent / Lease from VIETV from 4/2021 - 2/2022 (\$66,000) Utility payments to VIETV from 4/2021 - 2/2022 (\$18,000) Payroll for 1 employee at \$2,000/month from 4/2021 - 11/2021 (\$16,000)	4/2021 - 2/2022	3/16/2022	100,000
				<b>\$ 300,000</b>

Based on our review of email communications and interviews conducted with representatives from GGCF, it is our understanding that GGCF was only responsible for the selection of the subaward to One More Productions, with grant funds used for renovations to the GEM Theatre. A staff liaison from GGCF indicated that the sub-awards to 2T Media and Premiere Entertainment Solutions were selected at the direction of Former Supervisor Do and his Chief of Staff, Mr. Wangsaporn, as these were businesses they wanted to

provide assistance to.<sup>30</sup> While we identified an itemized detail of expenses for the sub-award to One More Productions for the GEM Theatre renovations, the detail for grant expenditures provided by 2T Media and Premiere Entertainment Solutions only included summary amounts for lease and payroll expenditures incurred from April 2021 – February 2022.

**b. Westminster Chamber of Commerce**

On January 4, 2022, the County executed a grant agreement with Westminster Chamber of Commerce (“WCOC”) for \$300,000 under the District 1 Arts Relief Program (MA-012-22010885). Similar to the grant agreement with GGCF, the grant agreement with WCOC was structured as a pass-thru grant, whereby WCOC was to award the funds to eligible businesses and non-profits based in Westminster. WCOC sub-awarded the grant funds to 11 businesses, as summarized in the table below.<sup>31</sup>

District 1 Arts Relief Program Grants - Subawards Issued Through Westminster Chamber of Commerce				
Subawardee	Weaver Description of Supporting Documentation	Time Period of Expenses	Awardee Financial Statement	Amount
Independent Broadcasting Congregation	High level summary of expenses for airtime, phone, internet, live streaming, movie, Zoom and masks	3/2021 - 5/2022	5/1/2022	\$ 50,000
Saigon Television Corp	Rent (Nguoi Viet); Airtime (Costa De Oro Television)	4/2021 - 7/2021	7/13/2022	50,000
Viet America Society	Rent (Huntington Partnership); Cook Meals for Homeless (Hand to Hand Relief Org.)	4/2021 - 6/2022	7/22/2022	50,000
Vietnamese American Philharmonics	High level summary of expenses for rent (\$30,500), Christmas Concert (\$10,000) and Spring Concert (\$11,500)	4/2021 - 6/2022	7/14/2022	50,000
Westminster Chamber of Commerce	Itemized breakout of expenses for rent, utilities, equipment and PPE	4/2021 - 6/2022	7/14/2022	25,000
Rose Center Theater	Payroll for Rose Center Theater Employees (single line item without detail or names)	3/2021 - 6/2021	7/14/2022	25,000
The General Association for the Development of World Martial Arts	Rent Office (single line item)	4/2021 - 4/2022	7/14/2022	15,000
Signature Travel & Tours	Office Rent (Canitnat Plaza)	4/2021 - 7/2021	6/7/2022	10,000
Westminster Arts Academy	Rent (Westminster Plaza)	4/2021 - 5/2021	7/14/2022	10,000
Huntington Beach Music Art School	Itemized breakout of expenses for office lease, payroll and utilities	3/2021 - 10/2021	7/8/2022	10,000
Thien An Performing Arts	Team Bonding (Paintball) and End of Year Banquet	4/2022 - 6/2022	7/12/2022	5,000
				<b>\$ 300,000</b>

Based on our interview of the former WCOC President, it is our understanding that subsequent to the County’s disbursement of the \$300,000 in grant funds to WCOC, Former Supervisor Do and/or his former Chief of Staff, Mr. Wangsaporn, informed WCOC that only \$100,000 would be awarded at WCOC’s discretion

<sup>30</sup> In addition to information received during our interviews with GGCF, we also reviewed an email from Mr. Wangsaporn to the GGCF staff liaison on January 20, 2022 providing the name and address information for 2T Media and Premiere Entertainment Solutions.

<sup>31</sup> WCOC retained \$25,000 of the grant award for eligible expenses related to rent, utilities, equipment and PPE.

as the County already selected recipients for \$200,000 of the grant funds. Specifically, we were informed by WCOG that Former Supervisor Do had selected four (4) businesses to each receive \$50,000 as a pass-thru grant from WCOG, including Independent Broadcasting Congregation, Saigon Television Corp, Viet America Society and Vietnamese American Philharmonics. While WCOG was responsible for disbursing the funds and collecting required documentation for the four (4) businesses selected by Former Supervisor Do, these subawards were not selected by WCOG. Weaver was also informed that while WCOG focused on identifying businesses based in Westminster to receive the grants, certain of the grant recipients selected by Former Supervisor Do were not based in Westminster, including Viet America Society and Vietnamese American Philharmonics.<sup>32</sup>

**c. Grants Awarded Directly by the County**

In addition to the \$600,000 awarded to GGCF and WCOG as pass-thru grants, the County also awarded \$400,000 directly to 14 businesses under the District 1 Arts Relief Program, which were primarily businesses located within the City of Santa Ana. A summary of the grants awarded directly by the County under the District 1 Arts Relief Program is provided in the table below.

Summary of District 1 Arts Relief Program Grants - Awarded Directly by County						
Grant Recipient	Forensic Audit Contract No.	Grant Representative	Agreement No.	Contract Executed	Payment Request Form	Amount
Discovery Cube	601 (Phase 2)		MA-012-22010385	9/3/2021	9/9/2021	\$ 100,000
Friends of the Santa Ana Zoo Foundation	674 (Phase 2)		MA-012-22010824	12/16/2021	12/20/2021	50,000
OC Childrens Therapy Arts Center	675 (Phase 2)		MA-012-22010825	12/13/2021	12/20/2021	50,000
Final Arts	97	John Nguyen (Owner)	MA-012-22010882	12/18/2021	1/6/2022	25,000
KidWorks	96	David Benavides (CEO)	MA-012-22010879	12/16/2021	12/21/2021	25,000
Me Viet Nam Productions	98	Hao Nhu Le (Owner)	MA-012-22010899	1/19/2022	1/19/2022	25,000
PT Group	99	Peter T Vo (Owner)	MA-012-22010925	1/6/2022	1/24/2022	25,000
DTN Tech	95	Serena Nguyen (CEO)	MA-012-22010924	1/4/2022	1/19/2022	25,000
Boys & Girls Club of Santa Ana	738 (Phase 2)		MA-012-22010878	12/16/2021	12/17/2021	20,000
The Wooden Floor	739 (Phase 2)		MA-012-22010894	12/18/2021	1/6/2022	20,000
Oasis Center International	116	Jin Sung (Executive Director)	MA-012-22010881	12/16/2021	12/20/2021	10,000
Relampago Del Cielo Folklorico Dance Co.	118	Lenora Pena-Sanchez (CEO)	MA-012-22010884	12/17/2021	1/6/2022	10,000
The All American Boys Chorus	117	Aaron Cassaro (CEO)	MA-012-22010883	12/17/2021	1/6/2022	10,000
Open Hands of Hope (Dynamite Book Club)	129	Marta Rodriguez (Director)	MA-012-22010880	12/20/2021	1/6/2022	5,000
						<b>\$ 400,000</b>

<sup>32</sup> At the time of the grant, Viet America Society was based in Huntington Beach and Vietnamese American Philharmonics was based in Garden Grove.

Based on our interview of a former District 1 staff member, it is our understanding that staff provided recommendations for certain non-profit organizations based in Santa Ana to receive funds through the District 1 Arts Relief Program. The allocation of grant amounts to be received by the recommended organizations was then determined by Former Supervisor Do. Based on interviews of former District 1 staff and review of email communications, we also determined that certain of the grant recipients were selected by Former Supervisor Do and his former Chief of Staff, Mr. Wangsaporn, including Discovery Cube, Final Arts, Me Viet Nam Productions, PT Group and DTN Tech.<sup>33</sup>

#### **IV. Summary of Findings**

A summary of Weaver’s observations and findings based on our review of the grants awarded through the District 1 Arts Relief Program is provided below.

##### **a. Majority of Grant Recipients Selected at the Discretion of Former Supervisor Do**

Based on our review, we determined that the majority of grant funds awarded through the District 1 Arts Relief Program were awarded to businesses selected by Former Supervisor Do, which was facilitated by his former Chief of Staff, Mr. Wangsaporn. Grant recipients appeared to be selected on an ad hoc basis at the discretion of Former Supervisor Do, whereas the other four (4) districts contracted an independent firm to administer the award of grant funds for the Arts Relief Program.<sup>34</sup> Detailed findings of specific grant recipients selected by Former Supervisor Do is provided below:

- Of the \$300,000 in grant funds awarded to GGCF as a pass-thru, we determined that \$200,000 was awarded to 2T Media (\$100,000) and Premiere Entertainment Solutions (\$100,000) at the direction of Former Supervisor Do to provide assistance to these businesses. Both 2T Media and Premiere Entertainment Solutions were involved in providing entertainment and event services related to the Tet Festival and Moon Festival organized each year by District 1, as well as other contracts for various media and outreach services for District 1.<sup>35</sup> Campaign finance reports indicated that both 2T Media and Premiere Entertainment Solutions contributed the maximum amount to Former Supervisor Do’s campaign for State Treasurer in 2022, with contributions of \$8,100 by 2T Media on May 6, 2022 and \$8,100 by Premiere Entertainment Solutions on June 1, 2022.

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<sup>33</sup> On December 15, 2021, an OCCR Director emailed Mr. Wangsaporn to inform him that \$75,000 was still available of the \$1 million allocated for the District 1 Arts Relief Program. On December 16, 2021, Mr. Wangsaporn responded and requested for \$25,000 to be allocated to Me Viet Nam Productions and an additional \$25,000 to PT Group. On December 17, 2021, Mr. Wangsaporn sent another email requesting for the final \$25,000 to be allocated to DTN Tech.

<sup>34</sup> We determined that the other districts contracted with an independent firm (Charitable Ventures of Orange County and Arts Orange County) to administer the grant awards under the Arts Relief Program, which included requirements for grant recipients based on specific criteria, monitoring of grant awards, and public disclosure of grant recipients and amounts.

<sup>35</sup> During our interview of the CEO for 2T Media, we were informed that Former Supervisor Do approached 2T Media about the grant opportunity through the District 1 Arts Relief Program.

- Of the \$300,000 in grant funds awarded to WCOG as a pass-thru, we determined that \$200,000 was awarded to four (4) businesses at the direction of Former Supervisor Do, including Independent Broadcasting Congregation (\$50,000), Saigon Television Corp (\$50,000), Viet America Society (\$50,000) and Vietnamese American Philharmonics (\$50,000).<sup>36</sup> Notably, the daughter of Former Supervisor Do was the Executive Director of Viet America Society at that time, and supporting documentation indicated that \$36,000 in grant funds went to Hand-to-Hand Relief Organization to cook meals for the homeless.
- Emails on December 16, 2021 and December 17, 2021 indicated that Mr. Wangsaporn provided three (3) grant recipients to OCCR for the final \$75,000 in funds available under the District 1 Arts Relief Program, which included Me Viet Nam Productions, PT Group, and DTN Tech, with each to receive \$25,000.<sup>37</sup> While it is unclear how these recipients were selected, they appeared to have been identified within a day of Mr. Wangsaporn being notified that there was \$75,000 remaining in available grant funds.

**a. Due Diligence of Grant Recipients was Limited**

For grant funds awarded directly by the County to 14 recipients totaling \$400,000, the grant agreements required certain documentation to be provided to verify the eligibility of the grant recipient to receive the award, including a business license, IRS tax forms, Form W-9, a description of eligible expenses the grant will be used for, as well as a statement from the recipient describing the negative economic impacts due to COVID-19. While our review of supporting documentation indicated that OCCR obtained certain business records from grant recipients such as business licenses, Form W-9s, and Dun & Bradstreet Supplier Qualifier Reports, we were informed by OCCR that District 1 was responsible for due diligence items related to the description of eligible expenses the grant would be used for, as well as the statement of negative economic impact due to COVID-19. We have not identified supporting documentation showing due diligence was performed by District 1 to obtain description of expenditures or statements of negative economic impact.

**b. County Monitoring of Expenditures by Grant Recipients was Limited**

For grant funds awarded directly by the County to 14 recipients totaling \$400,000, there was no monitoring by the County to ensure that funds were used by the grant recipients in accordance with the allowable grant uses outlined in the grant agreement.<sup>38</sup> In lieu of monitoring, the grant agreements required the grant

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<sup>36</sup> Campaign finance reports indicated that Independent Broadcast Congregation (dba IBC TV) and Michael Nguyen (CEO of Saigon TV) both donated to Former Supervisor Do's campaign for State Treasurer in June 2022, including \$1,000 by IBC TV and \$2,500 by Michael Nguyen.

<sup>37</sup> Campaign finance reports indicated that Hao Nhu Le (CEO of Me Vietnam Productions) donated \$1,000 to Former Supervisor Do's campaign for State Treasurer on June 1, 2022.

<sup>38</sup> Allowable grant uses were defined in the contract as expenses incurred back to March 3, 2021 used as a response to the negative economic impacts of the COVID-19 public health emergency.

recipients to self-certify that the funds would be used in accordance with the allowable uses outlined in the contract. According to OCCR procurement staff, the contract provision allowing for self-certification for the use of funds in lieu of monitoring by the County was included at the request of District 1 and inconsistent with other grants administered by the County.

For pass-through grants awarded by the County to GGCF and WCOC totaling \$600,000, detail of expenditures by subrecipients was limited to a list of descriptions provided by each subrecipient with narrative explanations, and without supporting documentation. Many of the expenditures were reported as high-level, round-dollar amounts for categories such as rent or payroll, without itemization or support to validate expenditures.

**c. Former Supervisor Do Pushed for Faster Disbursement of Grant Funds**

WCOC informed Weaver that they were holding back the disbursement of \$50,000 to Saigon TV while they waited to receive additional documentation related to an open item concerning a business license. A representative from WCOC indicated that they had a discussion with Former Supervisor Do about this issue, who requested for WCOC to proceed with disbursing the grant funds as the issued pertained to the County and not the City of Westminster.

We were also informed by OCCR procurement staff that Former Supervisor Do and his Chief of Staff had multiple communications with OCCR requesting for the grant funds to be disbursed as quickly as possible, and expressed frustration with the amount of time needed by OCCR to perform its due diligence and finalize the contracts. Based on our review, it appeared that District 1 submitted to OCCR the names of grant recipients to receive contracts in early December 2021, and all of the funds were disbursed to the grant recipients by the end of January 2022.

**d. Pass-Thru Grants Obfuscated County's Visibility into Grant Recipients**

While we have not received any explanation as to why District 1 didn't award grants directly to those businesses that received grants as pass-thru awards from GGCF and WCOC (specifically those businesses

that appear to have been selected by Former Supervisor Do), the pass-thru grant awards appeared to obfuscate the County's visibility into the ultimate grant recipients.<sup>39</sup>

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<sup>39</sup> Based on interviews conducted, neither GGCF or WCOC received an explanation from District 1 as to why the County didn't directly award the Arts Relief Program grants to those recipients selected by Former Supervisor Do.

## C. 360 Clinic - COVID-19 Testing Services

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### I. Scope of Work

Phase 1 of the forensic audit included the review of Contract No. MA-042-21010037 awarded to 360 Health Plan Inc. (dba "360 Clinic") in July 2020 by the County Health Care Agency ("HCA") for COVID-19 testing services.

### II. Work Performed

Weaver performed the following work steps during Phase 1 of the forensic audit as part of our review of the contract awarded to 360 Clinic for COVID-19 testing services.

- Performed background research of the vendor, including a review of information included in the LexisNexis SmartLinx Business Search, as well as online news articles
- Obtained and reviewed procurement documents maintained by HCA, including contracts and amendments, purchase orders, quotes, proposals, requisition forms, invoices, and other documents and disclosures included in the contract files
- Reviewed uncollectible claims reports submitted to HCA by 360 Clinic, as well as supporting documentation (e.g., Explanation of Benefit letters from insurance providers)
- Analyzed payment records associated with invoices submitted by the vendor, including records related to advanced payments issued to 360 Clinic
- Reviewed the memo dated June 6, 2025 from HCA's Chief Compliance Officer summarizing the findings of the investigation conducted by HCA's Office of Compliance regarding the contract with 360 Clinic
- Reviewed email communications between the County and the vendor
- Conducted interviews with individuals involved in procuring and administering the contract within HCA, as well as individuals from the Office of Compliance involved in the internal investigation of the contract with 360 Clinic
- Obtained additional information and documentation from 360 Clinic regarding contract disbursements, including advanced payments by the County and amounts invoiced to the County for uncollectible claims<sup>40</sup>

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<sup>40</sup> Weaver attempted to gather additional information by requesting to interview, Vince Tien, who was the Vice President for 360 Clinic and their primary point of contact for the contract with the County for COVID-19 testing services. Weaver was informed by legal counsel for 360 Clinic that Mr. Tien was no longer employed by 360 Clinic and asked to provide any questions related to contracts with the County to 360 Clinic's legal counsel. Weaver received responses through legal counsel for 360 Clinic for questions related to our review of the contract.

### III. Analysis of Contract for COVID-19 Testing Services

#### a. Vendor Selection Process

The County's contract with 360 Clinic for COVID-19 testing services was procured by HCA as an emergency purchase pursuant to the guidelines approved by the Board in April 2020 for emergency purchases. Based on our review of email communications, it appeared that 360 Clinic's Director of Operations, Vince Tien ("Mr. Tien") submitted a proposal to HCA's Agency Director, Dr. Clayton Chau ("Dr. Chau") on June 24, 2020. According to the proposal, 360 Clinic had previously provided COVID-19 testing services in Arizona since March 2020, and in Southern California since May 2020, combining for over 30,000 tests performed. The proposal from 360 Clinic also indicated that there would be no "zero out of pocket cost" for testing, with claims to be submitted to the patient's private insurance plan (e.g., Blue Shield, Kaiser, etc.) or the Health Resources and Services Administration ("HRSA") for uninsured patients. The initial email from Mr. Tien to Dr. Chau on June 24, 2020 is provided below.<sup>41</sup>

Sent: Wednesday, June 24, 2020 5:22 PM  
To: Chau, Clayton <CChau@ochca.com>  
Cc: Gary Nguyen <gary.nguyen@247cah.com>  
Subject: Covid19 Testing Proposal

Hello Dr. Chau,

Thanks for taking the time to review our proposal.

Our organization offers full testing to various healthcare facilities, their employees, and patients at **ZERO** out of pocket cost, pre-qualifications, or restrictions. We're able to achieve this through the Families First Coronavirus Response Act, which specifically prohibits health plans from imposing any cost-sharing measures related to COVID-19 testing.

Our state licensed, and medical board licensed Physicians and Nurses will be on site to administer the sample collections. Our team uses collection tests that has been granted **Emergency Use Authorization by the FDA**, our partner Labcorp comply with CLIA and FDA requirements. Our Physicians will provide tele consult to all patients post collection, all through a secure private platform.

If you have any more questions, please feel free to contact us.

Thank you Dr. Chau.

Sincerely,

Vince Tien,  
Director of Operations

<sup>41</sup> On June 27, 2020, Dr. Chau responded to Mr. Tien's initial email: "Hi Vince, Thank you for your email and sorry for the delay in response. However, I am not quite sure what proposal you are talking about. I have not received any other email besides this one. Please resend."

On June 30, 2020, Dr. Chau connected 360 Clinic to HCA's testing lead, Dr. Donna Fleming ("Dr. Fleming"), who met with 360 Clinic later that day to discuss their proposal.<sup>42</sup> Email communications indicated that the County initially anticipated a partnership with 360 Clinic, the City of Anaheim and OC Fair (testing sites), to be structured as a Memorandum of Understanding, with the expectation that costs for testing were to be incurred through the private insurers or HRSA. On July 10, 2020, HCA submitted Emergency Procurement Request #17, which included a bullet point for "COVID-19 Testing Services," though no additional information was provided.<sup>43</sup>

**Date:** July 10, 2020

**To:** HCA Procurement Services

**From:** Anna Peters, Director, Administrative Services

**Subject:** Emergency Procurement Request #17 - COVID-19

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On February 26, 2020, the Orange County Board of Supervisors declared a local emergency and County Health Officer Dr. Nichole Quick declared a local health emergency as part of broader preparedness efforts related to novel coronavirus, or COVID-19. In response to the COVID-19 virus outbreak, the County of Orange has an urgent request to make emergency purchases related to Novel Coronavirus. These purchases include various professional services, capital assets and commodities such as:

- Food and refreshments for staff working at the Agency Operations Center (AOC)
- Community Programming and Community Response to COVID-19
- COVID-19 24 Hour Home Care Services
- COVID-19 Testing Services

Based on our interview of Dr. Chau, several physicians and laboratories contacted him about providing COVID-19 testing services for the County after he made public statements to the Board about plans for opening a mass testing site for the public. Dr. Chau indicated that he had discussions with other potential testing providers (e.g., physician-owned labs) about providing COVID-19 testing services for the County but they did not have the capacity to scale testing operations to the level required by the County. Dr. Chau also

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<sup>42</sup> On June 30, 2020, Dr. Chau sent the following email to Mr. Tien: "Thank you for your interest in working with the County. I am introducing you to Dr. Fleming who is the lead in all testing for the Health Care Agency. Please connect with her to discuss your proposal."

<sup>43</sup> Beginning in March 2020 at the outset of the COVID-19 pandemic, HCA issued weekly emergency procurement requests to HCA Procurement Services with a bulleted list of emergency purchases "necessary to accelerate the County's ability to respond quickly and effectively to the COVID-19 virus outbreak."

indicated that he met with 360 Clinic and made the determination that they had the capacity to meet the County’s testing needs, and had sufficient experience based on their COVID-19 testing experience in Arizona and Southern California.

**b. Contract Award**

On July 10, 2020, the County executed a contract with 360 Clinic to provide COVID-19 testing services (MA-042-21010037) funded through the CARES Act.<sup>44</sup> Specifically, 360 Clinic was contracted to provide Federal Drug Administration (FDA) authorizing testing to Public Health priority populations utilizing a high-volume expandable drive-through model. The contract stipulated that residents will not have out-of-pocket expenses, but needed to provide insurance or identification to facilitate reimbursements by insurers or HRSA for uninsured patients. A summary of relevant contract provisions is outlined in the table below.

Contract Section	Contract Detail
Scope of Services	COVID-19 Testing Services
Funding Sources	Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748)
Contract Execution	July 10, 2020
Term of Contract	August 6, 2020 – December 31, 2020
Contract Administrator	Brittany Davis (HCA, Procurement and Contract Services)
Compensation	Advance payments not-to-exceed \$5,000,000 (to be reimbursed back to the County within 90 days of the advance payment)  Advance payments based on a rate of \$23.50 multiplied by the anticipated testing volume for the coming 30-day period
Contractor Responsibilities	Contractor shall be responsible for overall coordination, and all aspects of operations related to testing including, but not limited to, online registration and scheduling, onsite communication with patients, specimen collection and handling, coordination with labs for processing and electronic reporting, provision of results and care instructions to all patients, and all related administration and financing.
Services to be Provided <sup>45</sup>	<ul style="list-style-type: none"> <li>Contractor will provide FDA-authorized PCR testing using a County-approved lab and specimen collection method. Antigen or antibody testing, or other services such as vaccination, may be added upon approval of the County.</li> <li>Testing will be targeted to County-defined priority populations based upon guidance from the California Department of Public Health and modification by Orange County Health Care Agency Public Health.</li> <li>No individuals will be charged out-of-pocket costs – insurance and federal reimbursements for uninsured people will be the revenue streams funding operations.</li> </ul>

<sup>44</sup> The contract was federally funded under the CARES Act through the U.S. Department of Health and Human Services.

<sup>45</sup> The complete list of services to be provided by 360 Clinic is detailed in Attachment A of the contract.

**c. Contract Amendments**

Subsequent to the execution of the original contract in July 2020, the contract with 360 Clinic was amended three (3) times during the September 2020 – December 2020 time period. A summary of amendments to the County’s contract with 360 Clinic for COVID-19 testing services is provided in the table below.

Amendment	Date	Summary of Amendment
Amendment 1	9/16/2020	<ul style="list-style-type: none"> <li>• Amended terms for advance payments by the County to increase the advance payment amount from \$23.50 to \$50.00 for each anticipated test for the coming 30-day period</li> <li>• Added specific repayment terms for repayment for July and August advances to be made to the County no later than December 1, 2020</li> <li>• Remove requirement for 360 Clinic to provide a daily report of the number of tests conducted and weekly summary of tests conducted and positive results received for the week and cumulatively for each site</li> </ul>
Amendment 2	10/19/2020	<ul style="list-style-type: none"> <li>• Contract end date revised to December 30, 2020 to be consistent with CARES Act Funding guidance (revised from December 31, 2020)</li> <li>• Added a provision requiring 360 Clinic to bill all available insurance plans, HRSA, and any other third-party responsible for payment including, but not limited to, employers, for payment for the COVID-19 testing services requested herein, to the greatest extent possible. Contractor agrees that payments received from third-parties shall be considered payment in full for testing services required herein, and will not charge any copayment to clients, and absolves County of any and all financial responsibility except as detailed below</li> <li>• Added a provision that the County’s payment of uncompensated COVID-19 testing services is limited to the following:               <ul style="list-style-type: none"> <li>○ Testing requested by the County without third-party information and/or authorized to be billed to “client”</li> <li>○ Claims legally denied by insurers or HRSA for testing ordered by County</li> <li>○ Claims legally denied by insurers or HRSA for testing ordered by providers partnering with the County at designated test sites. This only applies to testing provided at test sites and dates specifically authorized by the County in writing.</li> </ul> </li> <li>• Added a provision requiring 360 Clinic to provide a report of claim data to the County on a monthly basis. The County agrees to work with the Contractor in good faith, and to assist the Contractor in addressing and resolving any claim related issues with payers, including but not limited to commercial payers, government payers, and Independent Practice Association payers.</li> <li>• Added a provision that for uncompensated COVID-19 testing services, including denied claims, 360 Clinic agrees to accept a maximum rate of \$50 per test for COVID-19 RT-PCR Testing.</li> </ul>
Amendment 3	12/24/2020	<ul style="list-style-type: none"> <li>• Extended the contract term for six (6) months from December 30, 2020 to June 30, 2021.</li> </ul>

**d. Weekly Testing Reports Submitted by 360 Clinic**

Our review of the County’s contract with 360 Clinic for COVID-19 testing services included the review of weekly reports submitted to the County by 360 Clinic, which detailed the number of tests conducted and positive test results received each week for each testing site. Based on our analysis of weekly testing reports, we determined that 360 Clinic reported to have performed over 300,000 COVID-19 tests during the July 2020 – April 2021 time period, as summarized in the table below.

Summary of Weekly Testing Reports Submitted by 360 Clinic			
# of Tests by Week		# of Tests by Testing Site	
Weekly Period	# of Tests	Testing Site	# of Tests
Prior to 11/9/2020*	32,663	OC Fairgrounds	137,115
11/9/2020 - 11/15/2020	3,925	Anaheim Convention Center	112,745
11/16/2020 - 11/22/2020	6,542	Anaheim City Hall	10,800
11/23/2020 - 11/29/2020	6,848	Westminster City Hall	8,971
11/30/2020 - 12/6/2020	13,613	Santiago Canyon	6,007
12/7/2020 - 12/13/2020	19,357	Brookhurst Community Center	4,882
12/14/2020 - 12/20/2020	24,954	East Anaheim Gymnasium	4,263
12/21/2020 - 12/27/2020	21,008	Fountain Valley Sports Park	3,223
12/28/2020 - 1/3/2021	23,995	Buena Park Senior Center	3,069
1/4/2021 - 1/10/2021	33,034	Laguna Woods City Hall	2,901
1/11/2021 - 1/17/2021	26,882	Garden Grove Magnolia Park	2,773
1/18/2021 - 1/24/2021	20,424	Garden Grove H. Louis Lake Senior Center	2,343
1/25/2021 - 1/31/2021	14,133	Costa Mesa Senior Center	1,495
2/1/2021 - 2/7/2021	11,044	Stanton Parking Lot	979
2/8/2021 - 2/14/2021	8,214	Patrick Henry ES	7
2/15/2021 - 2/21/2021	6,528	Miraloma	6
2/22/2021 - 2/28/2021	3,750		
3/1/2021 - 3/7/2021	6,220		
3/8/2021 - 3/14/2021	3,689		
3/15/2021 - 3/21/2021	3,227		
3/22/2021 - 3/28/2021	3,573		
3/29/2021 - 4/4/2021	2,937		
4/5/2021 - 4/11/2021	2,639		
4/12/2021 - 4/18/2021	2,380		
<b>Total</b>	<b>301,579</b>	<b>Total</b>	<b>301,579</b>

\* Weaver did not identify weekly test reports prior to the week of 11/9/2020.

**e. Uncollectible Claims Reports**

Beginning in October 2020 and as a result of provisions incorporated into the contract by Amendment No. 2 executed on October 19, 2020, 360 Clinic provided reports to the County each month containing a list of uncollectible claims that would be invoiced to the County for a fee of \$50 per test (referred to in this Report as "Uncollectible Claims Reports"). Based on our analysis of Uncollectible Claims Reports, we determined that 360 Clinic invoiced the County for 68,935 COVID-19 tests totaling \$3,446,750 (\$50 per test). The 68,935 tests included in the Uncollectible Claims Reports represented COVID-19 tests where 360 Clinic was purportedly unable to collect payment through private insurance or HRSA (i.e., claims were purportedly denied).

**f. Net Payments to 360 Clinic**

Based on our analysis of County payment records, we determined that the County issued advanced payments to 360 Clinic totaling \$4,013,734, which were to be reimbursed back to the County under the terms of the contract. A summary of payments by the County to 360 Clinic (net of reimbursements back to the County for advance payments) is provided in the table below.

<b>Summary of Payments to 360 Clinic for COVID-19 Testing Services</b>			
	<b>No. of Tests</b>	<b>Price per Test</b>	<b>Amount</b>
<b>Advance Payments by the County</b>			
For 7/15/2020 - 9/15/2020 (\$23.50 per Test)	61,861	\$23.50	\$ 1,453,734
For 9/15/2020 - 11/24/2020 (\$50 per Test)	51,200	\$50.00	2,560,000
<b>Total Advance Payments</b>	<b>113,061</b>		<b>\$ 4,013,734</b>
Less Reimbursements to County by 360 Clinic*			\$ (4,013,734)
Payments to 360 Clinic for Uncollectible Claims	68,935	\$50.00	\$ 3,446,750
<b>Net Payments by County to 360 Clinic</b>			<b>\$ 3,446,750</b>
<i>* Reimbursements for advances to be repaid to the County by 360 Clinic were offset against amounts purportedly owed to 360 Clinic for Uncollectible Claims.</i>			

#### **IV. Summary of Findings**

A summary of Weaver's observations and findings based on our review of the contract awarded to 360 Clinic for COVID-19 testing services is provided below.

##### **a. Uncollectible Claims Submitted by 360 Clinic Totaled \$3,446,750**

When the County entered into the contract with 360 Clinic in July 2020, the expectation was for 360 Clinic to collect fees for COVID-19 testing services through private insurance plans, or through HRSA for uninsured patients, with the County providing advanced funding for upcoming tests to be reimbursed back to the County within 90 days. However, 360 Clinic ultimately invoiced the County for 68,935 COVID-19 tests totaling \$3,446,750 (\$50/test), detailed in the Uncollectible Claims Reports submitted by 360 Clinic. The 68,935 Uncollectible Claims submitted by 360 Clinic represented 23% of the total COVID-19 tests performed by 360 Clinic.

In an email dated May 13, 2021, 360 Clinic provided the following response to the County as an explanation for why COVID-19 testing services were not covered by private insurance plans: "*COVID should be covered but many patients are no longer eligible (not covered). Patients also have primary or secondary plans and these services maybe under the plan not reported to us. We do not have the ability to verify insurance or check eligibility upfront, as the lab owns the registration platform.*"<sup>46</sup>

##### **b. County Had Concerns Regarding Uncollectible Claims Submitted by 360 Clinic**

Based on our review of email communications related to the County's contract with 360 Clinic, in May 2021 HCA expressed concerns internally regarding the volume of Uncollectible Claims being submitted by 360 Clinic for payment. Email communications also indicated that HCA had concerns related to an investigation being conducted by Blue Shield into 360 Clinic's billing practices, as well as whether 360 Clinic was fulfilling their contractual obligation to obtain reimbursement through the private insurance providers and then HRSA before seeking payment from the County. On July 16, 2021, a Senior Deputy from the Office of County Counsel emailed HCA stating that the County needed to "*review the contract with 360 [Clinic] and assess/determine whether they are in compliance with their contractual terms.*" On July 20, 2021, HCA emailed 360 Clinic and requested copies of all letters of explanation or similar documentation directly from

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<sup>46</sup> During our interview of Dr. Chau, he indicated that there was speculation that the high volume of patients who did not provide insurance information for COVID-19 testing was driven in part by residents from other counties that were not offering mass testing to the public.

the payors as to why claims were denied for all claims included in the Uncollectible Claims Reports submitted by 360 Clinic.<sup>47</sup> Detail of our review of email communications related to concerns expressed by HCA related to the contract with 360 Clinic is provided in **Appendix D**.

**c. Weaver Analysis of Uncollectible Claims Reports**

Weaver performed an analysis of the Uncollectible Claims Reports submitted to the County by 360 Clinic, which included information for each of the 68,935 Uncollectible Claims, including patient name, date of service (i.e., test date), and insurance provider, among other information. Based on our analysis, we identified 4,180 potential duplicate claims (i.e., same patient name and date of service), including instances with as many as 4 claims with the same patient name and date of service. A summary of our analysis is provided in the table below.

<b>Weaver Analysis of Uncollectible Claims Reports - Potential Duplicate Claims</b>			
	<b># of Claims</b>	<b># of Potential Duplicate Claims</b>	<b>Potential Duplicate Claims (\$)</b>
Instances with Same Patient Name and Date of Service Listed 2 Times	4,072	2,036	\$ 101,800
Instances with Same Patient Name and Date of Service Listed 3 Times	96	64	3,200
Instances with Same Patient Name and Date of Service Listed 4 Times	12	8	400
<b>Total</b>	<b>4,180</b>	<b>2,108</b>	<b>\$ 105,400</b>

In our review of Uncollectible Claims Reports and supporting documentation submitted to the County by 360 Clinic, Weaver identified additional issues as outlined below:

- Weaver only identified supporting documentation for denied claims, such as Explanation of Benefit (EOB) letters, for approximately 13,000 of the nearly 69,000 Uncollectible Claims submitted to the County by 360 Clinic. Based on our review of email communications and information received through 360 Clinic, it is our understanding that the County did not require 360 Clinic to provide EOB letters until they were requested by the County in July 2021 for the remaining 16,000 uncollectible claims.
- Weaver identified EOB letters that appeared to show payments made by the insurance provider (e.g., Blue Shield) to independent clinical providers such as MD24 CA, Inc. (later renamed SIP DC CA, Inc.). According to information provided by legal counsel for 360 Clinic, it is our understanding that 360 Clinic operated solely as a Management Services Organization

<sup>47</sup> Email communications between HCA and 360 Clinic indicated that a secure portal was set up and supporting documentation was uploaded by 360 Clinic on August 12, 2021, in response to the request from HCA.

(MSO) and did not provide the testing services, which were performed by independent clinical providers.<sup>48</sup> Assuming that the independent clinical providers (i.e., SIP DC CA, Inc.) received payment, or even partial payment, from the insurance provider, it is our understanding that 360 Clinic was not permitted to also invoice the County as an Uncollectible Claim under the terms of the contract.<sup>49</sup>

- Weaver identified a number of EOB letters and other letters of explanation for denied claims by the insurer that appeared to indicate that the claims could be resubmitted with additional information (e.g., denied because Medi-Cal certification required or to resubmit claim with a copy of W-9). While legal counsel for 360 Clinic indicated that the billing vendor would take appropriate steps to resubmit claims with the required documentation, it is unclear from the information available for our review whether the appropriate follow-up actions occurred to remedy these issues and resubmit claims to the insurance provider prior to invoicing the County.
- Weaver also identified EOB letters indicating certain claims were denied by the insurer because the claim had been paid in a previous payment, or was duplicative of another claim, or the service was not allowable for reimbursement, among others. While additional review on a claim-by-claim basis would be required to quantify the extent of such denied claims, it is questionable at best as to whether these denied claims should have been invoiced to the County.

During our interview of Dr. Chau, he indicated that the high volume of Uncollectible Claims was primarily attributed to the County not having its own medical billing system to submit or verify claims. According to Dr. Chau, the County and HCA did not have the systems and infrastructure to effectively bill, monitor and collect on claims through insurance providers and HRSA.

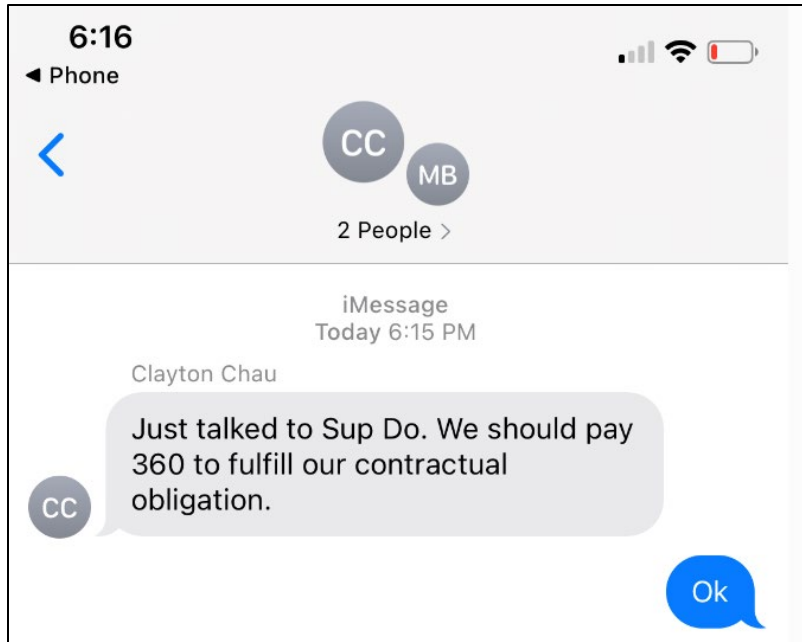
#### **d. Former Supervisor Do Authorized HCA to Issue Payment to 360 Clinic**

As of October 2021, 360 Clinic was seeking payment from the County for the remaining balance of Uncollectible Claims invoiced by 360 Clinic. During this time, the County was in the process of reviewing the Uncollectible Claims Reports and supporting documentation (i.e., EOB letters) submitted by 360 Clinic. On October 19, 2021, HCA's Agency Director, Dr. Chau, sent a text message to HCA's Deputy Agency Director, Dr. Bredehoft, which indicated that based on his discussion with Former Supervisor Do, HCA should pay 360 Clinic *"to fulfill our contractual obligation."*

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<sup>48</sup> According to information provided by legal counsel for 360 Clinic, 360 Clinic did not provide medical care, employ physicians or licensed clinicians, did not perform lab testing, and did not submit claims to HRSA, Medicare, Medi-Cal, or any private insurers.

<sup>49</sup> Amendment 2 to the County's contract with 360 Clinic stated the following: *"Contractor agrees that payments received from third-parties shall be considered payment in full for testing services required herein, and will not charge any copayment to clients, and absolves County of any and all financial responsibility except as detailed in paragraph L.i – L.iii."*



Based on the authorization given to Dr. Chau by Former Supervisor Do, the County paid \$814,650 to 360 Clinic for the remaining Uncollectible Claims, which was disbursed by the County on November 22, 2021. According to Dr. Chau, he approached Former Supervisor Do to request authorization to pay the invoice as he was one (1) of two (2) Board Supervisors appointed to the Board's COVID-19 Ad Hoc Committee.<sup>50</sup> Dr. Chau also indicated that he approached Former Supervisor Do because of concerns over a potential lawsuit and to avoid interest being charged to the County by 360 Clinic if the County didn't pay the invoice, which he said was how businesses operated in the healthcare industry.

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<sup>50</sup> Former Supervisor Do and Supervisor Chaffee led the County's COVID-19 Ad Hoc Committee.

## D. Abound Food Care – Emergency Food/Water Storage Program

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### I. Scope of Work

Phase 1 of the forensic audit included the review of Contract No. MA-012-22011548 awarded to Abound Food Care in June 2022 by OC Community Resources (“OCCR”) for services provided to the County for emergency food and water storage, with costs not-to-exceed \$2,000,000.

### II. Work Performed

Weaver performed the following work steps during Phase 1 of the forensic audit as part of our review of the contract awarded to Abound Food Care.

- Performed background research of the vendor, including a review of information included in the LexisNexis SmartLinx Business Search, as well as online news articles
- Obtained and reviewed procurement documents maintained by OCCR, including contracts and amendments, purchase orders, quotes, proposals, requisition forms, invoices, and other documents and disclosures included in the contract files
- Reviewed expenditure reports submitted to the County by Abound Food Care, which detailed payments to subcontractors and other expenditures associated with the grant program
- Analyzed payment records associated with invoices submitted by the vendor
- Reviewed email communications between the County and the vendor
- Conducted interviews with Abound Food Care’s CEO, Mike Learakos, and reviewed documentation provided to Weaver by Abound Food Care

### III. Analysis of Contract for Emergency Food and Water Storage Program

#### a. Background

On September 28, 2021, the Board authorized the allocation of \$3 million in ARPA funds to the OC Hunger Alliance for the purchase of emergency food to address immediate needs related to COVID-19. On the same date, the Board also authorized the allocation of an additional \$2 million in ARPA funds to the OC Hunger Alliance for the purchase of food and water storage equipment to aid in the event of a disaster or emergency, which was contingent upon approval of an emergency preparedness plan from the OC Hunger Alliance.

On June 28, 2022, the Board approved a subsequent authorization to approve the issuance of a \$2 million grant to Abound Food Care, as a member of the OC Hunger Alliance, from the County’s allocation of ARPA

funding for the purchase of food and water storage equipment to aid in the event of a disaster or emergency, consistent with the prior approval from the Board on September 28, 2021.

**b. Contract Award**

Following approval from the Board, on June 28, 2022 the County executed a subrecipient agreement with Abound Food Care to provide emergency food and water storage services (MA-012-22011548) funded through ARPA.<sup>51</sup> A summary of relevant contract provisions is outlined in the table below.

Contract Section	Contract Detail
Scope of Services	Emergency Food and Water Storage
Funding Sources	ARPA - Coronavirus State and Local Fiscal Recovery Funds
Contract Execution	June 28, 2022
Term of Contract	June 28, 2022 – June 30, 2023
Contract Administrator	Dylan Wright (OCCR, Director)
Compensation	The County shall pay Subrecipient a grant amount of \$2,000,000 upon the full execution of this Agreement and upon the receipt and approval by the County Executive Officer of an Emergency Preparedness Plan from Subrecipient on behalf of the OC Hunger Alliance which is comprised of Abound Food Care, the Second Harvest Food Bank and the Community Action Partnership of Orange County/Orange County Food Bank.
Indirect Cost Rate	10% to be retained by Abound Food Care for administering the grant program
Use of Grant Amount	Subrecipient shall use up to \$2 million of the grant amount provided under this agreement to purchase food and water storage equipment (Units), acquire necessary supplies for recovery kitchens, and produce meals for storage in Units in coordination with food bank resources.
Reports	<ul style="list-style-type: none"> <li>Quarterly Report. Provided 30 days following the end of the fiscal quarter (January 30, April 30, July 30, October 30), Subrecipient shall provide a report to the County that shall: (1) identify the Eligible Expenses paid from the grant amount; (2) demonstrate how Subrecipient used the grant amount consistent with the use requirements of Paragraph 2; and (3) identify the balance of the grant amount that Subrecipient has not spent.</li> <li>Final Report. Upon the earlier of Subrecipient’s expenditure of the balance of the grant amount or July 30, 2023 Subrecipient shall provide a report to the County that shall: (1) identify the Eligible Expenses paid from the grant amount; (2) demonstrate how Subrecipient used the grant amount consistent with the use requirements of Paragraph 2; and (3) identify the balance of the grant amount that Subrecipient has not spent, if any.</li> </ul>

**c. Strategic Emergency Preparedness Plan**

Weaver performed a review of the Strategic Emergency Preparedness Plan (“Strategic Plan”) submitted to the County by Abound Food Care, which was required prior to receiving the \$2 million grant under the

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<sup>51</sup> The contract was federally funded under ARPA through the U.S. Treasury Department.

terms of the contract. The Strategic Plan prepared by Abound Food Care indicated that cold storage containers using solar power would be placed throughout the County, which would be stocked with ready-to-eat or thaw-and-eat meals prepared at local food recovery kitchens, to be distributed to feed members of the community in the event of a disaster.<sup>52</sup> For preparation of emergency meals to be stored in the cold storage containers, Abound Food Care planned to leverage its existing network of local kitchens, which included Orange Coast College Restaurant Management Program, Monkey Business Café, and the California Culinary Coalition. Abound Food Care also intended to utilize Perfume River Restaurant and Lounge (“Perfume River Restaurant”) to prepare emergency meals to ensure that cultural considerations were met, as outlined in their Strategic Plan.<sup>53</sup> The estimated price range for the preparation of meals outlined in the Strategic Plan was \$10-\$13 per meal. The estimated budget included in the Strategic Plan submitted by Abound Food Care is provided below.

**Estimated Budget**

Following are approximate expenses by category. As market is rapidly changing some changes in allocations may be required but the total budget will remain the same.

Cost Categories	Budgeted Costs
Equipment <sup>(1)</sup>	\$800,000
Food Production Supplies & Materials <sup>(2)</sup>	\$200,000
Food/Meal Production <sup>(3)</sup>	\$640,000
Logistics <sup>(4)</sup>	\$360,000
Total Budgeted Costs <sup>(5)</sup>	\$2,000,000

**d. Analysis of Quarterly Reports and Contract Expenditures for Subcontractors**

Weaver performed an analysis of the quarterly reports submitted to the County by Abound Food Care, which provided detail of expenditures under the grant program, as required under the contract’s reporting

<sup>52</sup> The Strategic Plan indicated that unused meals would be rotated out of storage containers after 8-10 months, and delivered to local nonprofits to community members dealing with food insecurity.

<sup>53</sup> Perfume River Restaurant was located in the Asian Garden Mall in Westminster, offering meals inspired by Vietnamese cuisine.

requirements. A summary of Weaver’s analysis of expenditures reported to the County by Abound Food Care is provided in the table below.

<b>Abound Food Care (MA-012-22011548) - Weaver Analysis of Expenditures and Payments to Subcontractors</b>		
<b>Expenditure / Subcontractor</b>	<b>Description</b>	<b>Amount</b>
Radiant Innovation LLC	Purchase of 5 freezer units	\$ 632,949
Perfume River Restaurant	Emergency Meals - Preparation of 27,712 Meals at \$10/Meal	277,120
Indirect Costs	10% of total costs retained by Abound Food Care for administering the program (pursuant to agreement)	180,624
Fresca's Recovery Kitchen	Emergency Meals - Preparation of 16,955 Meals at \$8/Meal and 21 Meals at \$28.60/Meal	136,241
Monkey Business Café	Emergency Meals - Preparation of 10,725 Meals at \$8/Meal	85,800
Fieldsource Food Systems, Inc.	Emergency Meals Production, Protein.	84,084
California Culinary Coalition	Emergency Meals - Preparation of 8,192 Meals at \$5/Meal and 5,132 Meals at \$8/Meal	82,016
Ben's Asphalt & Maintenance Co., Inc.	Concrete Installation at La Habra site, San Clemente site and Santa Ana site and Fencing Installation at La Habra site	77,518
ConGlobal Industries LLC	Purchase of 2 freezer containers	61,048
TJM, Inc.	Emergency Meals - Preparation of 4,507 Meals at \$9/Meal; Warehouse rent; Meal transportation; Logistic; Reimbursement for zebra printer and cooking equipment	53,787
Orange Coast College Kitchen	Emergency Meals - Preparation of 8,230 Meals at \$5/Meal; Emergency Meal Cold Storage	41,720
Pacific Paper & Plastics Inc.	Emergency Meals Production Supplies	40,731
Brixton Electrical Design	Santiago Container Installation	35,650
Anthony Martinez	2022 and 2023 Direct Labor for Logistics Coordinator	27,462
Penske Truck Leasing	Logistics, Van Lease	23,006
Salcoelectric	Materials and labor for CGI, General and Propane; Remaining Brixton balance	19,458
Swift Produce	Logistics & Emergency Meal Cold Storage; Emergency Meal Product, Produce; Pick-up and Delivery for Emergency Meal Product; Transportation Cost for Emergency Meal Pallets	19,339
Timothy Surridge	Consultant Fees and Invoicing	16,250
Nationwide Generators	2 Generators and 1 AMP Transfer Switch	15,386
Pacific Networking Engineering & Consulting, LLC	Professional Services and Project Management	14,000
Allen Matkins Leck Gamble Mallory & Natsis LLP	Solar Powered Unit Contract Review; Agreement Review and Revisions	10,935
Cundiff Steel Fabricating & Erecting	2 Security Panel Doors for Units	10,000
<i>Other Subcontractors / Merchants</i>	<i>Combined total for 38 other subcontractors and merchants that received less than \$10,000</i>	<i>54,877</i>
		<b>\$ 2,000,000</b>

#### **IV. Summary of Findings**

A summary of Weaver's observations and findings based on our review of the contract awarded to Abound Food Care for emergency food and water storage is provided below.

##### **a. Perfume River Restaurant Received Over \$275,000 for Meal Preparation**

Based on our review of expenditures for the grant program submitted by Abound Food Care, Perfume River Restaurant received \$277,120 from Abound Food Care for emergency food preparation, which was more than the other kitchens that prepared meals under the program. Based on our interview of Abound Food Care, it is our understanding that Perfume River Restaurant was the only kitchen focused on preparing Vietnamese-inspired meals, to meet the program objectives of providing culturally appropriate food. While the cost for meals prepared by Perfume River Restaurant of \$10/meal was higher than the costs for other kitchens that prepared meals under the program, Abound Food Care indicated that other kitchens had lower cost structures through the use of volunteers, as well as their experience preparing emergency meals in bulk.

##### **b. Former Supervisor Do Recommended Perfume River Restaurant to Abound Food Care**

During our interview of Abound Food Care's CEO, Mr. Learakos, it was indicated that Abound Food Care met with Former Supervisor Do and Peter Pham regarding the Emergency Food Preparedness Plan, prior to the contract being approved by the County. It is our understanding that during one of the meetings, Former Supervisor Do inquired about Abound Food Care's plan to provide culturally appropriate food. Mr. Learakos indicated that Abound Food Care had not identified a kitchen to prepare culturally appropriate food at that time, and Former Supervisor Do recommended that Abound Food Care consider Perfume River Restaurant to provide culturally appropriate meals to service the Asian community as they were a "*meal provider that did a great job for the County during COVID.*" Mr. Learakos stated that Former Supervisor Do did not require Abound Food Care to use Perfume River Restaurant as part of the program, but rather it was presented as a recommendation for consideration. We were also informed by Mr. Learakos that Abound Food Care conducted its own due diligence of Perfume River Restaurant before including them in the Strategic Plan for preparation of emergency meals, which included a walk-through of their kitchen and meetings with management and kitchen staff to ensure they could deliver the meals required under the program.

Mr. Learakos indicated that Abound Food Care was not aware of any affiliations between Former Supervisor Do and Perfume River Restaurant at that time, including any affiliations between Aloha Financial Investment

(the parent company of Perfume River Restaurant) and Viet America Society, which was owned by Peter Pham and where Former Supervisor Do's daughter was employed as the Executive Director.

**c. Verification of Meals Prepared by Subcontractors**

Abound Food Care provided Weaver with subcontract agreements with each of the local kitchens and restaurants paid by Abound Food Care to prepare emergency meals under the contract with the County, including the subcontract agreement with Perfume River Restaurant. Abound Food Care also provided Weaver with an inventory of meals transferred to pallets to be placed into the storage containers. Based on Weaver's analysis of the information provided by Abound Food Care, we confirmed that all meals paid for with grant funds awarded by the County were ultimately prepared and placed into storage.

## E. DTN Tech - Nutrition Gap Program Services

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### I. Scope of Work

Phase 1 of the forensic audit included the review of Contract No. MA-012-21010160 awarded to DTN Tech in August 2020 by OC Community Resources (“OCCR”) for services provided to District 2 under the Nutrition Gap Program (“NGP”), with costs not-to-exceed \$1,200,000.

### II. Work Performed

Weaver performed the following work steps during Phase 1 of the forensic audit as part of our review of the contract awarded to DTN Tech for NGP services.

- Performed background research of the vendor, including a review of information included in the LexisNexis SmartLinx Business Search, as well as online news articles
- Obtained and reviewed procurement documents maintained by OCCR, including contracts and amendments, purchase orders, quotes, proposals, requisition forms, invoices, and other documents and disclosures included in the contract files
- Reviewed program records submitted by DTN Tech, including documentation for individuals enrolled in the program and meals served under the contract
- Analyzed payment records associated with invoices submitted by the vendor
- Reviewed email communications between the County and the vendor
- Conducted interviews with DTN Tech’s CEO, Serena Nguyen, and COO, David Nguyen, as well as individuals involved in procuring and administering the contract within OCCR

### III. Analysis of Contract Awarded to DTN Tech for NGP Services

#### a. Vendor Selection

The contract for NGP services was awarded to DTN Tech as an emergency purchase pursuant to the resolution for Emergency Contracting Authority (COVID-19) approved by the Board in April 2020. On August 6, 2020, a Director from OCCR’s Office on Aging and Veteran Services issued an Emergency Justification Memo to the County Procurement Office to award a contract to DTN Tech for NGP services using monies from the County’s CARES Act funds to support the provision of meals to the impacted service population.<sup>54</sup> The County did not undergo a competitive bidding process prior to the contract award, which was not

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<sup>54</sup> The Nutrition Gap Program was approved by the Board on June 2, 2020, as a supplemental support program for the most vulnerable population impacted by the COVID-19 pandemic. The program is designed to address food insecurity challenges caused by COVID-19 for seniors and persons with disabilities.

required based on the emergency contracting authority approved by the Board for services related to COVID-19.<sup>55</sup> The justification included in the Emergency Justification Memo is provided below.

<b>SUBJECT: Emergency Justification Memo</b>	JULIE QUILLMAN COUNTY LIBRARIAN OC PUBLIC LIBRARIES
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Emergency Project Name: Nutrition Gap Program	
Job Number: CA212	
Date Procurement Notified: July 27, 2020	
Contract #: MA-012-21010160	
Vendor Name: DTNTech	
Service/Commodity/Capital Asset/Human Services Description:	
Human Services - The Nutrition Gap Program (hereafter NGP) funding provides additional monies from the County's CARES Act funds to support the provision of meals to the impacted service population as determined by individual County districts during the COVID-19 pandemic. The NGP is expected to be in place until December 30, 2020 or as determined by the County.	
Justification:	
The NGP will help bridge the gap in nutrition services for specific populations impacted by COVID-19. The impacted populations include: older adults (age 60 and over) who are not eligible for other nutrition services, people with disabilities (age 59 and under), and other demographics, as determined by each district.	
Estimated Dollar Amount: \$1,000,000	

**b. Original Contract with DTN Tech (Executed in August 2020)**

On August 6, 2020, the County executed a contract with DTN Tech to provide services as a Subrecipient under the County's Nutrition Gap Program funded through the CARES Act.<sup>56</sup> A summary of relevant contract provisions is outlined in the table below.

Contract Section	Contract Detail
Scope of Services	Nutrition Gap Program Services
Funding Sources	Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748)
Contract Execution	August 6, 2020
Term of Contract	August 6, 2020 – November 30, 2020
Contract Administrator	Ericka Danczak, Director (OCCR, Office of Aging)
Compensation	Up to \$1,000,000
Indirect Costs	Maximum reimbursement allowable is 10%

<sup>55</sup> The emergency contracting authority also stipulated that no further sole source justification was required for contracts or amendments entered into under the resolution approved by the Board in April 2020.

<sup>56</sup> The contract was federally funded under the CARES Act through the U.S. Department of Health and Human Services.

Contract Section	Contract Detail
Subrecipient Responsibilities	<ul style="list-style-type: none"> <li>• Subrecipient shall provide NGP services to eligible participants who reside within District 2</li> <li>• Subrecipient shall screen all participants for NGP eligibility, explain program services, enroll all eligible participants, and assist all enrolled participants in learning how to access the meal services. Subrecipient may subcontract to a call center to meet excess demand. Subrecipient will ensure clients are not currently receiving or qualify for any other County meal subsidy program before enrolling them in NGP.</li> <li>• Subrecipient must have a dedicated phone line for all NGP calls, participant intake, and registration.</li> <li>• Meals must be delivered to a pre-determined pick up site.</li> <li>• Subrecipient is responsible for conducting outreach and disseminating program information to the targeted population. Subrecipient must conform with all local, state and federal mass mailing rules.</li> <li>• Subrecipient shall be responsible for collecting number of meals requested from program participants on a weekly basis, at a minimum.</li> <li>• Subrecipient shall be responsible for scheduling meal deliveries to program participants. Meal deliveries shall be scheduled no less than 3 times per week.</li> <li>• Meals are restricted to dinner only and are priced at \$22 per serving.</li> <li>• Subrecipient can subcontract services under this contract to other companies however all sub-contractors must be approved in advance by the County.</li> <li>• Subrecipient must only use restaurants located within the Second District to serve meals under this Contract. Any restaurant located within a city split between two separate districts can provide services under this Contract. Second District must be one of the two districts that has jurisdiction over the city in question.</li> <li>• Subrecipient shall provide complete and accurate records to the Office of Aging detailing the number of participants and meals served for reimbursement.</li> <li>• Subrecipient shall not be eligible for reimbursement on meals that cannot be served to participants for any reason.</li> </ul>
Reporting Requirements	<ul style="list-style-type: none"> <li>• Subrecipient will be required to submit records, statistical information, financial reports, and program information as required by the Office of Aging</li> <li>• Data shall be collected by Subrecipient every time a service is delivered to a registered client. Data shall be reported to the Office of Aging monthly, or as designated by Administrator</li> <li>• Subrecipient is required to submit to the County other records, statistical information, financial reports, invoices, and program information in electronic or paper format by the 10<sup>th</sup> of every month unless otherwise authorized by Administrator</li> </ul>
Annual Audit	Subrecipient shall arrange for an independent audit to be performed by a Certified Public Accountant, for funds received from County, in accordance with Audit Requirements detailed in an attachment to the contract.

Contract Section	Contract Detail
Final Financial Statement	Final financial statement. Within thirty (30) days after termination of this Contract, Subrecipient shall submit to Administrator a final financial statement detailing all program expenditures and all income received during the term of this Contract or include such a final financial statement with Subrecipient's final invoice and substantiating reports.

**c. Contract Amendments**

Subsequent to the execution of the original contract in August 2020, the contract with DTN Tech was amended four (4) times during the September 2020 – January 2021 time period. The contract amendments increased the contract amount not-to-exceed from \$1,000,000 to \$1,200,000, extended the contract term from November 30, 2020 to January 25, 2021, as well as modified the requirement for DTN Tech to be responsible for delivering meals to program participants, which was amended such that meals were to be picked up by program participants from 1 of 3 pre-determined locations.<sup>57</sup> A summary of amendments to the County's contract with DNT Tech for NGP services is provided in the table below.

Amendment	Date	Summary of Amendment
Amendment 1	9/1/2020	<ul style="list-style-type: none"> <li>Amended key responsibilities of DTN Tech such that meals must be picked up by participants from pre-determined sites, whereas the original contract stipulated that meals must be delivered to pre-determined sites. The locations for pickup included Vanguard University (Costa Mesa), Goldenwest College (Huntington Beach) and Fountain Valley Senior Center (Fountain Valley).</li> <li>Added provision that each qualified participant will receive two (2) dinners per scheduled pick up.</li> </ul>
Amendment 2	10/9/2020	<ul style="list-style-type: none"> <li>Extended the contract term through December 30, 2020 (original contract ended November 30, 2020)</li> </ul>
Amendment 3	12/22/2020	<ul style="list-style-type: none"> <li>Extended the contract term through January 22, 2021</li> <li>Increased the contract amount to up to \$1,200,000 (increase of \$200,000)</li> </ul>
Amendment 4	1/8/2021	<ul style="list-style-type: none"> <li>Extended the contract term through January 25, 2021</li> </ul>

**d. Analysis of Program Expenditures**

Based on our review of the contract and amendments, the County was to issue \$1,200,000 to DTN Tech to be used for NGP services, with 90% of the funds (\$1,080,000) to be used for the purchase of meals through participating restaurants and 10% of the funds (\$120,000) allocated towards indirect costs to be retained

<sup>57</sup> Based on our interview of DTN Tech, it is our understanding that the contract was amended for meals to be picked up at pre-determined locations in order to control costs due to increased fees for delivery drivers during the pandemic, which could be as high as 50% of the total allowable cost per meal of \$22.

by DTN Tech for costs to administer the program. Based on our review of invoices provided by DTN Tech to the County, we analyzed contract expenditures incurred by DTN Tech, as summarized in the table below.

<b>Weaver Analysis of DTN Tech Contract Expenditures</b>			
<b>Payment Date</b>	<b>Check No.</b>	<b>Restaurant</b>	<b>Amount</b>
10/15/2020	1003	KDN Gourmet	\$ 19,350
10/15/2020	1004	Bamboo Bistro	5,500
10/15/2020	1005	Hue Oi Vietnamese Cuisine	10,120
10/15/2020	1007	Brodard Restaurant	22,510
10/15/2020	1008	Crema Artisan Bakers	11,160
10/26/2020	1009	Bamboo Bistro	16,940
10/26/2020	1010	KDN Gourmet	19,980
10/26/2020	1011	Crema Artisan Bakers	14,472
10/26/2020	1012	Hue Oi Vietnamese Cuisine	11,000
10/26/2020	1013	Cucina Alessa Restaurants	6,018
10/26/2020	1014	Brodard Restaurant	44,532
11/13/2020	1016	KDN Gourmet	19,260
12/10/2020	1017	Bamboo Bistro	36,520
12/10/2020	1018	Bello by Sandronardone	4,250
12/10/2020	1019	Brodard Restaurant	131,960
12/10/2020	1020	Cucina Alessa Restaurants	28,220
12/10/2020	1021	Hue Oi Vietnamese Cuisine	44,000
12/10/2020	1022	KDN Gourmet	28,260
12/10/2020	1023	Crema Artisan Bakers	28,800
12/29/2020	1024	Brodard Restaurant	134,316
12/29/2020	1025	Bamboo Bistro	50,600
12/29/2020	1026	Cucina Alessa Restaurants	36,300
12/29/2020	1027	Crema Artisan Bakers	27,942
12/29/2020	1028	Hue Oi Vietnamese Cuisine	58,260
12/29/2020	1029	KDN Gourmet	66,960
3/1/2021	1031	Bamboo Bistro	42,000
3/1/2021	1032	Brodard Restaurant	86,320
3/1/2021	N/A	Hue Oi Vietnamese Cuisine	26,840
3/1/2021	N/A	KDN Gourmet	24,840
N/A	N/A	Bello by Sandronardone	22,770
<b>Total Meal Purchases</b>			<b>\$ 1,080,000</b>
Indirect Costs Retained by DTN Tech (10% of Contract Amount)			\$ 120,000
<b>Total Contract Amount</b>			<b>\$ 1,200,000</b>

#### **IV. Summary of Findings**

A summary of Weaver’s observations and findings based on our review of the contract awarded to DTN Tech to provide Nutrition Gap Program services to District 2 is provided below.

##### **a. NGP Model for District 2 Based on Meals Prepared by Local Restaurants**

Whereas other districts in the County structured their Nutrition Gap Program to contract with organizations to prepare and deliver low cost meals, District 2 modeled its program after the Great Plates Delivered Program, which was focused on providing meals to the elderly population while also supporting local restaurants negatively impacted by the COVID-19 pandemic.<sup>58</sup> Specifically, District 2 elected for meals to be ordered by program enrollees through an ordering platform, which would be prepared by local restaurants selected with approval of the County.

Based on the NGP model elected by District 2, they sought a firm with experience in communications, logistics, promotions, and technology to build an online platform to enroll participants, place orders from enrollees with participating restaurants, and promote the program to the members of the community. Based on discussions with DTN Tech, it is our understanding that District 2 asked DTN Tech to manage their NGP program based on their history providing promotional, printing and event planning services for District 2.<sup>59</sup> While DTN Tech had no prior experience providing meal delivery services or performing federal contracts, these services were not a prerequisite based on the NGP model for District 2 whereby local restaurants would be preparing the food.

##### **b. Cost per Meal was \$22 for District 2 Nutrition Gap Program**

While we determined that the cost per meal for the District 2 NGP was \$22, which was more than double the cost per meal for NGPs in other districts, the price per meal of \$22 set by District 2 based on guidance issued by the California Governor’s Office of Emergency Services for the Great Plates Delivered Program.<sup>60</sup> According to DTN Tech, District 2 determined the cost per meal of \$22 prior to engaging their firm, and

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<sup>58</sup> The Great Plates Delivered Program was administered by local administrators in each county in California, with guidance provided by the California Governor’s Office of Emergency Services.

<sup>59</sup> DTN Tech primarily provides promotional and event services, including promotional products, printing and logistics, to clients in both the public and private sectors. DTN Tech provided print and mail services for the County since at least 2012, as well as provided event and logistical services to District 2 to organize job fairs.

<sup>60</sup> Guidance issued by the California Governor’s Office of Emergency Services for The Great Plates Program (75% funded through FEMA, 18.75% funded by the state, and 6.25% funded locally) set a limitation of program costs to be \$66 for three (3) daily meals, inclusive of delivery (i.e., \$22 per meal).

DTN Tech selected menu options from participating restaurants equivalent to \$22 to meet the objectives established by District 2.

**c. All Program Expenditures Were Properly Accounted For**

Based on our review of supporting documentation and invoices, it appeared that the funds issued by the County to DTN Tech were used in accordance with the terms of the contract, with \$1,080,000 used for the purchase of meals through participating restaurants and \$120,000 retained by DTN Tech for indirect costs to administer the program.<sup>61</sup>

**d. Single Audit Report Did Not Identify Any Deficiencies**

In February 2024, the County notified DTN Tech that it had not submitted a Single Audit Report as required in the contract for NGP services.<sup>62</sup> In May 2024, DTN Tech submitted the Single Audit Report to the County, which did not identify any findings or deficiencies and satisfied the County’s contractual requirements.

**e. DTN Tech Also Provided Services to Campaign of Former District 2 Supervisor**

Based on our review and analysis of campaign finance data from the Federal Election Commission, we determined that DTN Tech was paid over \$630,000 to provide print-related services during the 2019 – 2024 time period for the congressional campaign of the former District 2 Board Supervisor, Michelle Steel.

Summary of Payments to DTN Tech from "Michelle Steel for Congress" Campaign							
	2019	2020	2021	2022	2023	2024	Total
Payments to DTN Tech from Campaign	\$4,944	\$185,399	\$2,160	\$221,983	\$5,242	\$210,569	\$630,296

Based on our interview with DTN Tech, it is our understanding that DTN Tech provides similar services for other political campaigns in California, and has historically been hired by campaign consultants through a bid process where a pool of vendors submit bids as requested. Given that the congressional campaign of Former Supervisor Steel was a federal campaign, all campaign expenditures paid to DTN Tech for print services were subject to additional scrutiny and review by the Federal Election Commission. Weaver did not

<sup>61</sup> Based on our interview of DTN Tech leadership, it is our understanding that DTN Tech brought on additional staff to assist in providing NGP services to the County, as well as leased additional office space.

<sup>62</sup> DTN Tech informed Weaver that they were unaware of the contractual requirement to complete the Single Audit as they had not previously provided services under a federally funded program. DTN Tech also stated that once they were made aware of the requirement by the County, they engaged KMJ Corbin & Company LLP to complete the Single Audit.

identify any evidence that DTN Tech was awarded the County contract to provide NGP services for District 2 based on any services provided to the congressional campaign for Former Supervisor Steel.