

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



LOUISIANA PUBLIC SERVICE COMMISSION

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STATE OF LOUISIANA
OFFICE OF
STATE INSPECTOR GENERAL



LOUISIANA PUBLIC SERVICE COMMISSION

Stephen B. Street, Jr.
State Inspector General

Approved by:
 **Governor Bobby Jindal**

May 22, 2008

File No. 1-08-0020

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BOBBY JINDAL
GOVERNOR

STEPHEN B. STREET, JR.
STATE INSPECTOR GENERAL

State of Louisiana
Office of the Governor
Office of State Inspector General

May 22, 2008

Honorable Bobby Jindal
Governor of the State of Louisiana
P.O. Box 94004
Baton Rouge, LA 70804-9004

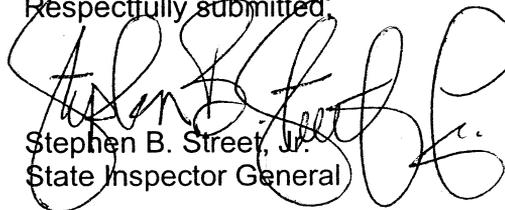
Re: Case No. 1-08-0020

Dear Governor Jindal:

This report addresses concerns raised following a letter written to regulated motor carriers by Louisiana Public Service Commission, Chairman, Jack "A" Jay Blossman, Jr. The report includes one recommendation that the State Board of Ethics further investigate Chairman Blossman's action.

We provided a draft of the report to Chairman Blossman. His written response is included as Appendix A.

Respectfully submitted,



Stephen B. Street, Jr.
State Inspector General

SBS/GD

Enclosure

Executive Summary

The Office of State Inspector General received a complaint concerning possible ethics violations by Louisiana Public Service Commission (Commission) Chairman, Jack A. "Jay" Blossman, Jr. Specifically, the complaint concerned a letter sent on February 22, 2008 by Chairman Blossman to 230 Commission-regulated motor carriers. In the letter – sent using Public Service Commission letterhead and envelopes – Chairman Blossman recommended a vehicle monitoring product sold by Nicholas Larussa and asked that each company allow time for Mr. Larussa to make a private sales presentation.

An investigation conducted by the Office of State Inspector General concluded that the above referenced actions by Chairman Blossman may have violated the Code of Governmental Ethics, Abuse of Office. We are recommending that the matter be referred to the State Board of Ethics for further investigation.

Background

The Commission serves the public interest by assuring safe, reliable, and reasonably priced services for public utilities and motor carriers. The Commission has jurisdiction over publicly owned utilities providing electric, water, waste water, natural gas, and telecommunication services in addition to all the electric cooperatives in Louisiana. The Commission also regulates intrastate transportation services including passenger carrier services, waste haulers, household goods carriers, non-consensual towing, intrastate pipelines, and state ship pilotage.

Louisiana law (La. R.S. 45:163) grants the Commission “the power and authority necessary to supervise, govern, regulate, and control motor carriers....” The law also states, “The power, authority, and duties of the commission shall include all matters connected with the service to be given or rendered, the records to be kept by motor carriers, and except as otherwise provided, the power to adopt and enforce such reasonable rules, regulations, and modes of procedure as it may deem proper for the discharge of its duties, to summon and compel the attendance of witnesses, to swear witnesses, to compel the production of books and papers, to take testimony under commission and punish for contempt as fully as is provided for by law by the district courts, and to prescribe and require the furnishing and filing of tariffs and schedules.”

Scope and Methodology

We conducted our investigation in accordance with Principles and Standards for Offices of Inspector General as promulgated by the Association of Inspectors General.

The scope of this investigation was limited to the February 22, 2008 letter written by Chairman Blossman. The investigation consisted of witness interviews, review of the letter, and review of applicable State law.

Inappropriate Correspondence by Chairman Jack A. “Jay” Blossman, Jr.

Chairman Blossman may have violated the Code of Governmental Ethics, Abuse of Office, when he used Commission letterhead and envelopes to recommend a product sold by Nicholas Larussa, a friend, to Commission-regulated companies.

La. R.S. 42:1116, Abuse of Office, states, “No public servant shall use the authority of his office or position, directly or indirectly, in a manner intended to compel or coerce any person or other public servant to provide himself, any other public servant, or other person with any thing of economic value.”

In a letter dated February 22, 2008, Chairman Blossman wrote the following two-paragraph letter, which was sent to approximately 230 Commission-regulated motor carriers:

“A friend of mine and recent graduate of Louisiana State University, Nicholas Larussa, is currently selling an interesting monitoring service for the motor carrier industry. Mobile Monitoring Services is a division of Acadian Ambulance Service and provides monitoring services for vehicles and assets using web-based GPS technology and equipment.

Mr. Larussa will be contacting you in the near future to request a meeting in order to present the details of the service and benefits it can provide to your company. I would appreciate it if you would take the time to meet with him. This technology could be a great asset to your company.”

Prior to writing the letter, Chairman Blossman requested that Commission personnel prepare a complete list of Louisiana licensed motor carriers. He stated the list was used to identify companies located in south Louisiana. Chairman Blossman then instructed a Commission employee to prepare letters and envelopes addressed to those companies for Mr. Larussa.

Chairman Blossman stated that approximately 230 letters and envelopes were prepared and given to Mr. Larussa. He said that the letterhead and envelopes used were no longer valid for official Commission correspondence because the office telephone number and address had changed (See Exhibit 1 – New PSC Letterhead and Exhibit 2 – Old PSC Letterhead). Chairman Blossman said he considers the stationery used for the letter the same as his personal stationery (See Exhibit 3 – Chairman Blossman Personal Stationery). The “personal stationery” referred to by Chairman Blossman is virtually identical to the official Commission letterhead, with the additional statement, “Not printed at taxpayer expense,” at the bottom of the page.

Chairman Blossman said Mr. Larussa placed the letters in the envelopes and mailed them to the motor carrier companies at his own expense.

Chairman Blossman stated he wrote the letter because he felt the monitoring system sold by Mr. Larussa addressed industry and government regulator concerns regarding safety and efficient operation of vehicles, and would therefore be very beneficial to motor carrier companies.

Chairman Blossman stated he has no financial interest in the monitoring system or the company selling the product.

Conclusions:

1. Chairman Blossman's actions may have violated La. R.S. 42:1116, Abuse of Office.
2. As an official of the Commission, which has broad regulatory authority over motor carriers, Chairman Blossman should not engage in the promotion of products to individuals or companies his organization regulates. While the letter, written on Commission letterhead, does not specifically require a company to purchase the product or set-aside time for the demonstration, the fact that the Chairman of the Commission is recommending the product could be considered coercive and intimidating.
3. Chairman Blossman's rationale that the letterhead used was no longer valid for official correspondence and therefore the same as his "personal stationery" is unconvincing. There are few appreciable differences between the "old" letterhead, the letterhead Chairman Blossman uses as "personal stationery", and the current official Commission letterhead. A person receiving correspondence on any of these letterheads would likely conclude, based on common sense, that the correspondence was official.

Recommendation:

1. This report should be forwarded to the State Board of Ethics for further investigation.

Exhibit 1
New PSC Letterhead



Louisiana Public Service Commission

215 St. Ann Drive, Suite 3
Mandeville, La 70471

JAY BLOSSMAN
Chairman

First District
(985) 624-4660
(985) 624-4470 Fax
1-800-228-9368

Exhibit 2
Old PSC Letterhead



Louisiana Public Service Commission

215 St. Ann Drive, Suite 3
Mandeville, La 70471

JAY BLOSSMAN
Commissioner

First District
(504) 624-4660
(504) 624-4470 Fax
1-800-228-9368

Exhibit 3

**Chairman Blossman
Personal Stationery**



Louisiana Public Service Commission
215 St. Ann Drive, Suite 3
Mandeville, LA 70471

Jay Blossman
Commissioner

First District
985-624-4660
985-624-4470 Fax
1-800-228-9368

APPENDIX A

Response

Jack A. “Jay” Blossman



Louisiana Public Service Commission

215 St. Ann Drive, Suite 3
Mandeville, La 70471

JAY BLOSSMAN
Chairman

May 19, 2008

First District
(985) 624-4660
(985) 624-4470 Fax
1-800-228-9368

Stephen B. Street, Jr.
State Inspector General
P.O. Box 94095
Baton Rouge, La. 70804-9095

Re: Case No. 1080020

Dear Mr. Street,

This is my response to Mr. Devall's report, involving a letter I wrote to, motor carrier's in south east Louisiana.

I concur in parts to Mr. Devall's report, and I do not concur with other parts of his reports.

I had a non-classified employee type the letter and mail merge the envelope.

I asked in the letter, "I would appreciate it if you would take the time to meet with him. This technology could be a great asset to your company".

As per La. R.S. 15:1116 Abuse of office, states, "No public servant shall use the authority of his office or position, directly or indirectly, in a manner intended to compel or coerce any person or other public servant to provide himself, any other public servant, or other person with any thing of economic value."

The letter was not threatening or coercive in any way, it simply asked for some time for a young man, on his first job, to demonstrate a service, that could benefit their company.

I have no regulation over Acadian Ambulance or the G.P.S. Division. I have no financial dealings with anyone involved, Mr. Larussa, the company, or its affiliates.

Mr. Devall's explanation involving the stationary and envelopes does not reflect my position on the issue. I do not consider the stationary to be my own personal stationary, I said "the state printed thousands of sheets with the wrong phone number, and that paper was useless for official Commission business and we used this paper as scratch paper around the office".

The envelopes used, were left over from my old office, with the old return address printed on them. As I stated above, instead of throwing the stationary and envelopes in the trash we used

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the paper for scratch paper in the office. The envelopes were in a closet collecting dust.

I provided Mr. Devall a piece of stationary, that I use for non official business, that was paid for by me and not the Commission. On the bottom it states "not printed at tax payers expense". This stationary has nothing to do with this issue, other than I showed Mr. Devall a piece of it so he could compare it. This is a practice that is done by most elected officials from all over the state.

In conclusion of this matter I would like to reiterate that my only intent, was to let the carrier's know about the technology. The stationary used, was one step from the garbage, as it could not be used for any commission business.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack Blossman, Jr.", with a stylized flourish at the end.

Jack A. Blossman, Jr.

La. Public Service Commission

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at www.doa.louisiana.gov/oig/inspector.htm. Reference should be made to Case No. 1-08-0020. If you need any assistance relative to this report, please contact Bruce J. Janet, CPA, State Audit Director at (225) 342-4262.

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- Write to Office of State Inspector General, P. O. Box 94095, Baton Rouge, LA 70804-9095
- Call the Office of State Inspector General at (225) 342-4262