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NO. _____

JEFFERSON CIRCUIT COURT
DIVISION _____

JUDGE _____

THE TRANSIT AUTHORITY OF RIVER CITY
1000 West Broadway
Louisville, Kentucky 40203

PLAINTIFF

v.

COMPLAINT

FERDINAND LATZO RISCO, JR.

DEFENDANT

~~1000 West Broadway~~~~Louisville, Ky 40203~~

SERVE: THE KENTUCKY SECRETARY OF STATE (pursuant to KRS
§ 454.210)
Office of the Secretary of State
Summons Branch
700 Capital Ave., Ste. 86
Frankfort, KY 40601

Comes the Plaintiff, The Transit Authority of River City, a Public Entity Organized
Pursuant to KRS Chapter 96A, by counsel, and for its Complaint against Ferdinand Latzo Risco,
Jr., respectfully submits the following:

PARTIES

1. Plaintiff, the Transit Authority of River City, (hereinafter "TARC"), is a public
entity transit company organized under KRS Chapter 96A.

2. Defendant, Ferdinand Latzo Risco, Jr. is an adult resident of Georgia, with the most recent known address of 1152 Laurelhill Way, Lawrenceville, Georgia 30044, and is the former Executive Director of TARC.

3. Jurisdiction and venue are proper as the injury complained of, and the indemnification payments herein, occurred in Jefferson County, Kentucky, and the amount in controversy exceeds the minimum jurisdictional requirements of this Court.

FACTS

4. Defendant, Ferdinand Latzo Risco, Jr., (hereinafter "Risco") was employed as the Assistant Executive Director, the Interim Executive Director and Executive Director of TARC. His tenure with the company was from February 2017 until February 2020.

5. During his tenure with the Company, and in the position of the highest levels of management with the company, Risco regularly sexually harassed several victims, all of whom were employees of TARC.

6. Beginning in December of 2017, Risco focused his attention on Victim A.¹ Risco regularly commented on Victim A's appearance, and began messaging Victim A to meet him and to see him alone.

7. During a one on one meeting in response to these messages, Risco asked Victim A to be his "f*** buddy." Risco's inappropriate texting and communications with Victim A continued for many months, with Risco messaging Victim A concerning her appearance and the color of her undergarments.

8. Risco asked Victim A to visit him at his apartment and drink with him after hours. At one such invite, Risco exposed his penis to Victim A.

¹ TARC has made a firm commitment to Risco's victims to not publicly identify them. Until an Order issues from this Court regarding the safety and protection of these victims, each will be referred to as "Victim No. ____."

9. Victim A reports that Risco again asked Victim A to be his "f*** buddy," in August of 2018, and conditioned a promotion on said request.

10. Risco sexually and racially harassed and intimidated Victim B. Victim B was of a darker skin tone than Risco and Risco made comments in front of and to Victim B that belittled her because of her darker skin tone.

11. Risco created a hostile work environment for Victim B, regularly referring to sexual matters in front of Victim B and would refer to his "boom boom" room where he wanted to have sex with TARC employees.

12. Victim B left TARC's employ as a result of the harassment.

13. At some point on or about February 2019, Risco met Contractor.

14. Contractor and Risco allegedly began a consensual sexual relationship in late February 2019.

15. Risco arranged to utilize Contractor's services for a \$27,000 "no bid" contract for Contractor to perform financial services on behalf of TARC.

16. This arrangement was not memorialized and violated several of TARC's internal procurement policies on responsible contractors, bidding and awards. In addition to being financially insolvent, liable for tens of thousands of dollars in unpaid federal taxes, and already named in an investigation in another municipal entity's investigations in fraudulent billing practices, Contractor was hired at the insistence and direction of Risco.

17. The Contractor performed little to no services on behalf of TARC but Risco arranged to have the Contractor paid more than \$228,000.00 during a one-year period.

18. Through written and oral deception, Risco misrepresented to the TARC Board Contractor's skills, work and abilities and fraudulently obtained an additional \$336,000.00 contract for Contractor in October of 2019.

19. Risco did not disclose to the TARC Board that he was having sex with Contractor when he secured her Contract.

20. Contractor alleges that at some point, their consensual relationship turned to harassment.

21. In addition to the above, Contractor and Risco worked to groom others—literally and figuratively—to become more sexually attractive to Risco. Victim C was so groomed by Contractor to be more attractive to Risco.

22. Victim C reports being sexually harassed and, in one instance, has alleged that she was sexually assaulted by Risco in September of 2019.

23. In regard to Risco's victims, Risco, in most cases, chose to target young African American females who were single mothers and financially dependent upon TARC and Risco for their wherewithal. In that regard, upon information and belief, Risco targeted women for victimization who would not likely report his abuse.

24. These victims reported fear of losing their jobs as a reason that they did not report their victimization until the end of January 2020.

25. Risco was confronted with these allegations and evidence of his harassment in early February 2020 and left his position on February 12, 2020.

26. Upon information and belief, the Victims retained counsel in early to mid-February 2020.

27. The Victims claimed money damages against TARC for Risco's actions.

28. Risco refused to cooperate with TARC and hired legal counsel who advised that Risco had “put the matter behind him” and could not be “bothered” with the Victim’s claims.

29. TARC confirmed Risco’s refusal to cooperate in writing to his attorney.

30. Since Risco’s departure, new management at TARC has worked to compensate Risco’s Victims, the TARC employees mentioned above, for the trauma he caused them. TARC settled with Victim A for \$120,000.00, Victim B for \$160,000.00 and Victim C for \$250,000.00.

COUNT I

CALGA CLAIMS UNDER KRS § 65.2001 et. seq.

TARC incorporates by reference all preceding paragraphs and states:

31. By law, TARC is obligated to defend and indemnify Risco for the trauma he caused pursuant to KRS § 65.2005, the Claims Against Local Government Act (hereinafter “CALGA”). This law was designed to protect an innocent but negligent government actor from damages caused in the course and scope of their employment.

32. CALGA does not extend its protection to all government actors, especially those actors who intentionally do wrong or refuse to cooperate to cover their own wrongdoing.

33. KRS § 65.2005(3) provides, in pertinent part, “if a local government pays any claim or judgment against any employee pursuant to subsection (1) of this section, **it may recover from such employee the amount of such payment and the costs to defend if: (a) The employee acted or failed to act because of fraud, malice, or corruption[.]**”(Emphasis added).

34. CALGA also provides that a public entity shall recover from a government actor if the actor willfully refused to cooperate with the employer and retained private counsel without the consent of the public entity. KRS § 65.2005(3)(c) and (e).

35. Risco’s actions and/or inactions with regard to the Victims were “because of fraud, malice, or corruption” in their most base form.

36. Risco has refused to cooperate and assist in these claims and has retained private counsel in violation of provisions of CALGA.

37. Risco's fraudulent, malicious, or corrupt actions and/or inactions were the proximate cause of the cost of the settlement of the Victim's claims and the costs expended to defend Risco.

38. As of the date of this filing, the CALGA claims and costs of defense in this matter are approximately \$550,000.00. Risco is liable to TARC for the full costs of claims and defenses in this matter.

COUNT II

Fraud, Fraudulent Misrepresentation and Defalcation

TARC incorporates by reference all preceding paragraphs and states, in addition to, or in the alternative:

39. Risco violated procurement policies and breached his fiduciary duties to TARC when he deceptively contrived to pay and award contracts to an unqualified individual, namely Contractor, who was not a "Responsible Contractor" under TARC's rules.

40. Risco fraudulently and deceptively worked to circumvent TARC's adopted procurement policies in order to perpetrate these payments.

41. Risco failed to disclose his sexual relationship with Contractor and, through artifice and other misrepresentation, lied to the TARC Board in order to pay Contractor.

42. Risco contrived with the Contractor to create a website for her and to otherwise make her appear qualified before the TARC Board.

43. When questioned about this contract by members of the TARC Board, Risco fraudulently misrepresented facts in order to induce the Board to award additional moneys to the Contractor.

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44. Risco's fraudulent, deceptive, and misleading acts resulted in, and were the proximate cause of, damages to TARC in the amount of over \$228,000.00.

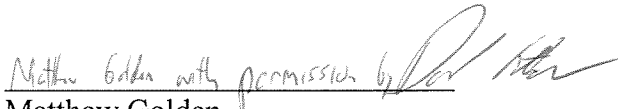
45. Risco is liable to TARC in the amount of its damages, together with an appropriate award of punitive damages.

WHEREFORE, Plaintiff, TARC, prays for judgment against the Defendant, Ferdinand Latzo Risco, Jr. and:

- A. A trial by jury on all issues so triable;
- B. For damages in excess of the minimum jurisdictional requirements of the Court, both compensatory and punitive;
- D. For Plaintiff's costs herein;
- E. For a reasonable attorney's fee; and
- F. For any and all further relief to which Plaintiff may appear to be entitled.



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