



Two Cale America executives on leave pending investigation of Portland parking-meter emails

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Fallout from Portland's parking meter scandal continued this week as two Cale America executives – including the company's president, Edward Olender – have been placed on administrative leave pending an "independent investigation" by the company into what was known about **clandestine efforts to win a city contract in 2006**.

Company officials delivered that news to Leah Treat, Portland's director of transportation, in a phone call late Wednesday meant to appease growing concern about Cale's business ethics.

"We have grave concerns about our contract with Cale," Treat told The Oregonian/OregonLive on Thursday. But the company's decision to place Olender and Ryan Bonardi, director of sales, on leave "shows how seriously Cale is taking the matter," she said.

City officials expect to meet with Andreas Jansson, managing director of Cale America, in person Friday to learn more about the investigation. Portland recently ordered 400 parking meters from Florida-based Cale America and Treat said officials are reviewing options, including the feasibility of severing the contract.

Documents released by federal prosecutors last week show that George Levey, an independent distributor of Cale machines, **repeatedly emailed Cale officials about efforts in 2005 and 2006** to secure Portland's business with the **inside help of city parking manager Ellis K. McCoy**.

McCoy on Wednesday was **sentenced to two years in prison for accepting bribes** from Levey, the culmination of a federal investigation that became public in 2011 when FBI agents raided McCoy's city office. Levey last month pleaded guilty for his role in bribing McCoy and will be sentenced in August.

The newly released documents do not indicate that Cale officials were told about the bribes. No company official has been accused of wrongdoing.

But the records do show that **Levey emailed Olender and other company officials** information that **McCoy had leaked Portland's confidential bid requirements** and later **edited Cale's proposal before it was officially submitted** in 2006, **among other things**.

"It's a damaged relationship right now," Treat said.

In a statement, Jansson said Sweden-based Cale Group authorized an outside law firm to conduct its investigation. Logistics are still being finalized, and Jansson said he didn't know how long the investigation would take.

"Cale Group is committed to letting the independent investigative team reach its own conclusions and to taking any necessary corrective action once that investigation is completed," he wrote.

Treat said she wants to know more about the proposed investigation, including who will conduct the review and how the team will be selected.

Because Portland doesn't have access to internal company documents, Treat said, city leaders assume an investigation would determine who at Cale knew about issues in Portland, and when they knew.

"We expect them to be open and transparent and share that information with us," she said.

Depending on the outcome of the investigation, Portland officials could try to stop buying new machines from Cale or cut off all business with the company.

Conversely, city officials could decide to move forward with an \$11.9 million contract signed this month.

Any consideration to cut ties with Cale could prove complicated, Treat said.

Cale manufactured all the city's roughly 1,300 on-street meters and, more importantly, the company provides monthly operational services for those meters.

"If we canceled our contract with Cale, we would virtually shut down our meter program until we got a secondary contract," Treat said.

Officials aren't sure whether an outside company would be precluded from providing monthly operations on Cale machines because of potential proprietary issues, said Dylan Rivera, a city transportation spokesman.

Rivera said city officials last year came "close" to selecting Parkeon instead of Cale to provide new parking meters for Northwest Portland and the Central Eastside.

Portland ordered 400 meters under Cale's new contract. The machines should be delivered next week.

Treat said officials could try to cancel that order but probably would have to pay damages to Cale. New meters were scheduled for Northwest Portland this month, but officials are now considering a delay, not because of the investigation but to avoid disrupting businesses during peak summer months.

"We do need to get together internally and talk about what we're going to do," Treat said. "No one has made decisions about Cale."

The latest debate is not unlike discussions from 2013 about whether Cale should be allowed to seek – let alone win – Portland's business.

After years of public and private allegations that McCoy had an improper relationship with Levey, the FBI's 2011 corruption investigation of Portland's meter contract made national news.

In response, Cale Group forced out Levey, formed its own U.S. subsidiary – Cale America, headed by Olender – and told city officials that new leadership could be trusted.

McCoy pleaded guilty to accepting bribes in 2012. The following year, Commissioner Steve Novick, who oversees the Transportation Bureau, argued that Portland should keep buying Cale meters because the city got a good deal.

That didn't fly with Portland's ombudsman, Margie Sollinger, who suggested the city could bar Cale America from seeking new contracts, either temporarily or permanently.

In an August 2013 email to Novick, obtained under the state's public records law, Sollinger suggested Cale could be banned "because of the corrosive effect the Cale contract had on the public's trust in the integrity of the City's procurement process."

Transportation officials were undeterred.

Treat responded in October 2013, writing that not only did Portland have no legal grounds to bar Cale from seeking a city contract, but "we did not believe they should be precluded from future parking contracts."

Treat on Thursday said she considered not allowing Cale to bid but officials ultimately were swayed by Cale's promises of reform.

Portland launched a competitive process in 2014. In January, the City Council approved its contract with Cale America.

Asked Thursday if, in hindsight, officials made the right decision to re-up with Cale, Treat said: "Until this investigation is concluded, I don't know."

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