

**19<sup>TH</sup> JUDICIAL DISTRICT COURT**  
**THE PARISH OF EAST BATON ROUGE**  
**STATE OF LOUISIANA**

**DOCKET NO.:**

**DIVISION:**

**COREY DELAHOUSSAYE**

**VERSUS**

**STATE OF LOUISIANA, THROUGH THE OFFICE OF INSPECTOR GENERAL,  
STEPHEN STREET, IN HIS OFFICIAL CAPACITY AS THE INSPECTOR GENERAL,  
JESSICA MCCRARY WEBB, AND GREG PHARES**

**FILED:** \_\_\_\_\_

\_\_\_\_\_  
**DEPUTY CLERK**

**PETITION FOR DAMAGES**

NOW INTO COURT, through undersigned counsel, comes plaintiff Corey Delahoussaye, who respectfully files this Petition for Damages, presenting the following allegations and causes of action:

**PLAINTIFF**

1. Corey Delahoussaye is a Louisiana resident who has reached the age of majority.

**DEFENDANTS**

2. Made defendants herein are the following:
- a. State of Louisiana, through the Office of the State Inspector General (hereinafter referred to as "Inspector General"), an entity domiciled in the Parish of East Baton Rouge, Louisiana;
  - b. Stephen B. Street, Jr., in his official capacity as the State Inspector General;
  - c. Greg Phares, a Louisiana resident who has reached the age of majority; and,

- d. Jessica McCrary Webb, a Louisiana resident who has reached the age of majority.

## **BACKGROUND**

### **C-DEL, INC.**

3. Petitioner founded C-Del, Inc. in 1997 and was a co-owner of the company.
4. C-Del was a consulting firm that specialized in securing permits, identifying wetlands, researching titles and negotiating right of way for private and public entities.
5. Livingston Parish hired C-Del on, or about, October 27, 2009.
6. C-Del was hired by Livingston Parish to negotiate with FEMA and the Governor's Office of Homeland Security & Emergency Preparedness ("GOHSEP") to ensure repayment of funds that had been expended on Hurricane Gustav cleanup.
7. C-Del's contract with Livingston Parish was amended to broaden its scope at various times between its signing and August 2010.
8. C-Del's contractual obligations also required it to oversee certain aspects of the cleanup efforts conducted by various contractors hired by Livingston Parish.
9. In the course of its work, C-Del uncovered questionable work and billing practices of various contractors working on Hurricane Gustav cleanup.
10. Petitioner, as an agent of C-Del, reported his concerns to Livingston Parish, both verbally and in writing.
11. Petitioner also reported his findings to the federal government after Livingston Parish failed to address the concerns that were raised.
12. Petitioner ultimately became a federal informant for the FBI and was contracted with FEMA to assist in a challenge of more than \$50 million in charges submitted to FEMA by Livingston Parish.

### **CONSEQUENCES**

13. C-Del's contract with Livingston Parish was formally terminated on, or about, September 24, 2011, but the decision to terminate had been made in the weeks prior.

14. Around November 18, 2011, the District Attorney for the 21<sup>st</sup> Judicial District, which includes Livingston Parish, announced that Petitioner was under criminal investigation in a televised interview with WAFB in Baton Rouge, Louisiana.

15. The District Attorney also reported purported wrongdoing by Petitioner and C-Del to the federal government for investigation.

16. The federal government investigated the allegations and refused charges.

17. Nonetheless, in January 2012, Livingston Parish refused to pay C-Del for nearly \$400,000 that it billed for its work.

18. As part of its effort to justify its refusal to pay the amounts due to C-Del, Livingston Parish hired an auditor to investigate the bills submitted on behalf of C-Del.

19. On May 21, 2012, the firm finalized its report to Livingston Parish while raising alleged certain deficiencies in the amount of \$6,500 regarding the nearly \$400,000 in billings that the Livingston Parish refused to pay.

20. On June 13, 2013, counsel for Petitioner sent documents specifically disproving every concern raised in the May 21, 2013 report and indicated that Petitioner was “ready, willing, and able to cooperate in any fashion” to address the concerns.

21. During that timeframe, however, the Inspector General initiated its own investigation into C-Del and Petitioner.

#### **INSPECTOR GENERAL**

22. Livingston Parish requested that the Inspector General open an investigation of Petitioner and C-Del in June 2012.

23. At no time, however, was C-Del or Petitioner employed or contracted by a state agency performing working on behalf of Livingston Parish.

24. Accordingly, counsel for Petitioner and C-Del inquired about the jurisdiction of the Inspector General to investigate.

25. The Inspector General responded that it had authority to investigate on the grounds that Petitioner was a contractor with GOHSEP, a state agency.

26. The Inspector General’s investigation related to the same allegations of improper billing by C-Del.

27. On July 18, 2012 Jessica Webb issued a subpoena to URS an Engineering firm, which C-Del was contracted.

28. On July 17, 2013, the Inspector General issued a search warrant in furtherance of its investigation for Mr. Delahoussaye's residence.

29. Notwithstanding the full cooperation of Petitioner and C-Del, the OIG raided Petitioner's home with the assistance of the East Baton Rouge Sheriff's Office in the early-morning hours on July 25, 2013--eight days after the warrant was signed by a district judge in the 19<sup>th</sup> JDC.

30. The raid was conducted at 6:00 am with multiple agents bearing firearms in a home that was only occupied by Mr. and Ms. Delahoussaye and their two young children.

31. There is no objectively reasonable rationale for conducting a raid in such a fashion to execute search warrant that had been obtained over a week prior

32. In August and September 2013, the Inspector General sent a subpoena to Anytime Fitness seeking its records related to Petitioner from October 27, 2009 through present, despite the fact that C-Del's contract had been terminated nearly two years prior.

33. In October 2013, The Inspector General sent a subpoena seeking medical records of Petitioner from the Aesthetic Medicine & Anti-Aging Clinics of Louisiana.

34. Moreover, on information and belief, Ms. Webb was the only witness to testify before the grand jury in support of the charges that were declined against Petitioner in November 2013.

35. In the course of C-Del's dispute with Livingston Parish, it became evident that the Inspector General was sharing records obtained from its investigation with outside parties.

36. The questionable billing and work practices identified by C-Del resulted in a dispute between Livingston Parish, its contractors, and FEMA.

37. The matter was ultimately decided by the United States Civilian Board of Contract Appeals in the Summer of 2014, in favor of FEMA.

38. As a result, approximately \$59 million of billings submitted on behalf of Livingston Parish related to the Hurricane Gustav clean-up were ultimately disallowed.

39. During those civil proceedings, however, the private contractors working for Livingston Parish provided the United States Government with copies of Petitioner's golf and gym records.

40. The only source for those records was the Inspector General.

#### **CRIMINAL CHARGES**

41. The 21<sup>st</sup> JDC District Attorney sought to charge Petitioner with various crimes related to the alleged improper billing practices.

42. The charges were supported primarily with the fruits of the investigation conducted by the Inspector General.

43. In November 25, 2013, however, a grand jury refused to indict Petitioner regarding the alleged crimes.

44. Accordingly, on December 3, 2013, Scott M. Perrilloux, District Attorney for the 21<sup>st</sup> Judicial District Court caused 81 Counts to be filed in the 21<sup>st</sup> Judicial District Court for the Parish of Livingston against Petitioner.

45. Counts 1 through 73 charged that Petitioner violated La. R.S. 14:133, entitled filing or maintaining false public records, and Counts 74 through 81 charged that Petitioner violated La. R.S. 14:67, for various allegations of theft.

46. Thereafter, on February 23, 2015, approximately 30 charges were dropped against Petitioner and Petitioner was charged with 55 counts of Filing False Records in violation of La. R.S. 14:133 and four counts of Theft in violation of La. R.S. 14:67.

47. After a hearing on February 23, 2015, a district judge in the 21<sup>st</sup> JDC found that there was no probable cause for the charges.

48. Thereafter, Petitioner filed a Motion to Suppress alleging that all of the evidence obtained by the Inspector General was obtained illegally because the agency had no authority to investigate Petitioner and C-Del, amongst other allegations.

49. A hearing was held on April 20, 2015.

50. In May 2015, the district judge granted the Motion to Suppress and ruled that the Inspector General did not have jurisdiction to investigate Petitioner.

51. The District Attorney sought a writ from the First Circuit regarding the ruling and the matter was remanded for the sole purpose of ordering the trial court for a reopened hearing on Petitioner's Motion to Suppress.

52. That hearing was held on January 14, 2016 and the trial court again suppressed the medical records obtained by the Inspector General because they were improperly obtained.

53. At the conclusion of the hearing on January 14, 2016, the charges against Petitioner were again dismissed.

54. Those charges have not been re-filed.

#### **LACK OF JURISDICTION**

55. La. R.S. 49:220.21(B) states that the purpose of the establishment of the Office of the State Inspector General is "to examine and investigate the management and affairs of *covered agencies*."

56. In furtherance of that purpose, La. R.S. 49:220.24(B) specifies that:

- a. The inspector general is authorized to examine and investigate the management and affairs of the covered agencies concerning waste, inefficiencies, mismanagement, misconduct, abuse, fraud, and corruption, and he may conduct all necessary investigations into such areas, including but not limited to:
  - (1) Misuse of state-owned automobiles, planes, watercraft, and all other movable or immovable property.
  - (2) Evidence of a pattern of excessive bills on state contracts.
  - (3) Unauthorized use of leave.
  - (4) Mismanagement of government operations.
  - (5) Waste or abuse of things of value belonging to or used by the covered agencies.
  - (6) Construction, operation, and maintenance of facilities.

57. In 2008 the Inspector General was designated a "law enforcement agency," and was provided with limited investigative powers and privileges afforded to full-fledged law enforcement agencies.

58. The investigative powers and privileges are limited by the Inspector General's statutorily defined purpose and functions.

59. As stated in La. R.S. 49:220.24(J), the Inspector General is "conferred all investigative powers and privileges appurtenant to a law enforcement agency under state law as necessary and in furtherance of the authority, duty, powers, and functions set forth herein."

60. Significantly, it is not within the purpose of the Inspector General's office, or its authority, duty, power, and function as set out in La. R.S. 49:220.24, to conduct criminal investigations.

61. Nor is it within their scope of jurisdiction to investigate matters related to local governmental authorities.

62. To the extent the Inspector General has any criminal investigative authority, it is limited to assisting other law enforcement agencies and cooperating with such agencies with regard to further criminal action.

63. Since C-Del and Petitioner had no contract or other relationship with a covered agency, the Inspector General had no jurisdiction to conduct its investigation.

64. Furthermore, the Inspector General has no authority to obtain search warrants even when it has jurisdiction to investigate.

65. La. R.S. 49:220.24(C)(4) provides that "when there is evidence of what may be criminal activity," the inspector general shall report complaints to the proper federal, state, or local agency.

66. Further, La. R.S. 49:220.24 (K) requires that the referral to the appropriate law enforcement agency occur "[u]pon credible information" of such criminal activity.

67. Pursuant to La. R.S. 49:220.24(K), the Inspector General is relegated to a "back-seat" role once it determines it has credible information of criminal activity.

68. Section 49:220.24(K) provides that "[s]ubsequent to notifying the appropriate law enforcement agency, the inspector general may assist the law enforcement agency in conducting the investigation."

69. As detailed herein, the Inspector General's unlawful investigation led to unfounded criminal charges.

70. As a result of these charges, Petitioner has suffered significant damages.

### **CAUSES OF ACTION**

#### **CLAIM I** **MALICIOUS PROSECUTION**

71. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

72. Here, the efforts of the Inspector General led to: (a) the commencement or continuance of an original criminal or civil judicial proceeding; (b) its legal causation by the present defendants against plaintiff who was the criminal defendant in the original proceeding; (c) its bona fide termination in favor of the present plaintiff; (d) the absence of probable cause for such proceeding; (e) the presence of malice therein; and (f) damages conforming to legal standards resulting to plaintiff.

73. Accordingly, Defendants are liable to Petitioner for the damages he has incurred as result of their malicious prosecution of him.

#### **CLAIM II** **ABUSE OF RIGHT AND PROCESS**

74. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

75. The Louisiana abuse of rights doctrine applies if one of the following conditions is met: (a) the rights were exercised exclusively for the purpose of harming another or with the predominant motive to cause harm; (b) an absence of a serious and legitimate interest that is worthy of judicial protection; (c) using the right in violation of moral rules, good faith or elementary fairness; or (d) exercising the right for a purpose other than for which it was granted. *Deus v. Allstate Ins. Co.*, 15 F.3d 506, 520 (5th Cir.1994)(quotation omitted).

76. Similarly, the essential elements of an abuse of process claim are "(a) the existence of an ulterior purpose; and (b) a willful act in the use of the process not in the regular prosecution of the proceeding." *Duboue v. City of New Orleans*, 909 F.2d 129, 132 (5th Cir.1990).



77. At a minimum, based on the foregoing allegations outlined herein, Petitioner has outlined that the Inspector General has used its statutory rights in violation of moral rules, good faith or elementary fairness.

78. Accordingly, Defendants are also liable to Petitioner for the damages he has incurred as result of their abuse of right and process.

***CLAIM III***  
***TORTIOUS VIOLATIONS OF PRIVACY***

79. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

80. In the course of its investigation, the Inspector General needlessly made public Petitioner's medical records and the fact that he visited a tanning booth at his health club.

81. This information was released to paint Petitioner in false light and caused his privacy to be needlessly invaded.

82. The Inspector General's conduct was both unreasonable and it seriously interfered with Petitioner's privacy interest.

83. Accordingly, Defendants are also liable to Petitioner for the damages he has incurred as result of their abuse of right and process.

***CLAIM IV***  
***DEFAMATION***

84. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

85. Mr. Street and his employees communicated multiple defamatory statements about Petitioner regarding alleged improper and illegal billing by Petitioner.

86. Such statements were published in the media and were defamatory *per se*.

87. Notwithstanding that such words were defamatory *per se*, they were false and communicated with malice.

88. Petitioner has suffered substantial injury as a result of these allegations.

89. Accordingly, Defendants are also liable to Petitioner for the damages he has incurred as result their defamation.

***CLAIM V***  
***GENERAL NEGLIGENCE***

90. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

91. The Inspector General has a duty to conform its investigations to certain standards.

92. Defendants breached that duty herein.

93. As a result of that breach, the Defendants have caused Petitioner to suffer damages he would not have otherwise suffered.

94. Accordingly, Petitioner asserts that the Defendants are also liable for his damages pursuant to La. Civil Code art. 2315.

***CLAIM VI***  
***SPOILIATION***

95. In the event that any evidence has been tampered with, destroyed, alienated, modified, or allowed to deteriorate, Petitioner claims spoliation of evidence.

***CLAIM VII***  
***CONSTITUTIONAL CLAIMS***

96. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

97. At all times pertinent hereto, Mr. Street, Mr. Phares, and Ms. Webb were acting under color of authority within the meaning and intent of 42 U.S.C. §1983.

98. At all times hereto, Petitioner enjoyed clearly established rights to his good name, reputation, and liberty guaranteed to him under the 14<sup>th</sup> Amendment of the United States Constitution, in addition to clearly established rights to due process also guaranteed to him under the 14<sup>th</sup> Amendment of the United States Constitution, which included his state job.

99. The actions of Mr. Street, Mr. Phares, and Ms. Webb have impaired and deprived Petitioner of his clearly established rights, thereby making the Defendants liable to Petitioner for damages pursuant to 42 U.S.C. §1983.

100. Petitioner also asserts that Defendants herein are also liable to him for attorneys fees pursuant to 42 U.S.C. §1988.

**CLAIM VIII**  
**RESPONDEAT SUPERIOR**

101. Petitioner re-alleges and incorporates by reference all previous allegations as if copied in their entirety herein.

102. Defendants' actions were made in the course and scope of their employment and were made with actual malice towards Petitioner.

103. As the employer of these individuals, the Office of Inspector General is liable to Petitioner for the tortious actions of its employees.

104. As general rule, slander, under Louisiana law, constitutes individual tort that does not give rise to solidary liability; however, where employee makes slanderous statement within course and scope of his employment, the employer is solidarily liable. *Manale v. City of New Orleans, Dept. of Police, C.A.5 (La.) 1982, 673 F.2d 122.*

105. Moreover, Louisiana Civil Code article 2320 provides for master-servant tort liability, also known as vicarious liability, in pertinent part as follows: "Masters and employers are answerable for the damage occasioned by their servants and overseers, in the exercise of the functions in which they are employed.

106. Inasmuch, the State of Louisiana, through the Office of Inspector General, is also liable to Petitioner for the tortious actions of its employees sued upon herein.

**DAMAGES**

107. As a result of the foregoing offenses, Petitioner has lost income that he would have otherwise earned.

108. Moreover, Petitioner's reputation has been tarnished as a result of the allegations surrounding his indictment and prosecution.

109. In addition, by seizing all computers, servers and equipment, C-Del was forced to cease operations due to the seizure of crucial and vital equipment necessary to sustain and support its business.

110. These damages have also impaired his ability to gain other employment and consulting opportunities that he would have otherwise obtained.

111. Petitioner has also suffered personal humiliation, embarrassment, mental anguish, anxiety, and hurt feelings and seeks all compensatory damages available to him under the law.

112. Accordingly, Petitioner avers that Defendants are liable to him for all damages that he has occurred as a result of their wrongful conduct.

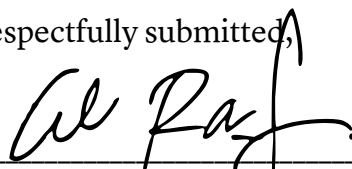
**GENERAL AVERMENTS**

113. Petitioner is seeking compensation for damages in excess of \$50,000, and, therefore, requests a jury trial pursuant to Louisiana Code of Civil Procedure Art. 1731.

**WHEREFORE**, Petitioner prays that, after due proceedings be had, there be judgment rendered herein in its favor and against Defendants, declaring the Defendants are to be liable and indebted unto Petitioner for:

- a. all damages as are just and reasonable under the circumstances,
- b. judicial interest from the date of her initial judicial demand;
- c. the award of costs and expenses to the fullest extent authorized by law; and
- d. all such other and further relief which the Court deems necessary and proper and that may be just and reasonable under the circumstances of this matter, whether in equity, or otherwise.

Respectfully submitted,



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