



July 29, 2025

Mr. Bradley Sussman  
Managing Director  
K2 Integrity  
730 Third Avenue  
New York, NY 10017

*VIA EMAIL ONLY:* [bsussman@k2integrity.com](mailto:bsussman@k2integrity.com)

**RE: NOTICE OF AWARD: RFP #2022-RFP-144-013 Integrity Oversight Monitor  
Recovery Loan Loss Reserve Program**

Dear Mr. Sussman:

Thank you for your response to the Task Order Request for the above-referenced program. I am pleased to inform you that K2 Integrity has been awarded this monitorship work with a total budget not-to-exceed \$91,430 for the duration of monitorship, including the compliance work and related tasks.

We will schedule a kickoff meeting with the Recovery Loan Loss Reserve Program team as soon as possible. NJEDA looks forward to working with K2 Integrity.

Sincerely,

*Elizabeth George-Cheniara*

[REDACTED]  
Director, Legal Compliance  
Accountability Officer

cc: [REDACTED], Chief Counsel  
[REDACTED] Chief Compliance Officer  
[REDACTED], Team Lead, Legal Compliance  
2022-RFP-144-013

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (NJEDA)**  
**TASK ORDER REQUEST (TOR)**  
 [Reference RFP #2022-RFP-144-13]

<b>VENDOR NAME</b>	Deloitte & Touche, LLP and K2 Integrity
<b>PROJECT TITLE</b>	<b>Recovery Loan Loss Reserve Program</b>
<b>DATE</b>	<b>6/4/2025</b>
<b>PROJECT SUMMARY</b>	<b>Integrity Monitoring (IM) Services for the State Small Business Credit Initiative (SSBCI) Recovery Loan Loss Reserve Program</b>
<b>DATE NEEDED</b>	<b>ASAP</b>

<b>NJEDA CONTACT</b> (Name, Title, Address, E-mail & Telephone Number)	<b>Recovery Loan Loss Reserve Program questions:</b> [REDACTED], Director – Business Banking [REDACTED]
	<b>For general Integrity Oversight Monitor (IOM) program questions:</b> [REDACTED], Director – Legal Compliance and Accountability Officer [REDACTED]

**Cost Submission:** Please provide a cost estimate for the above referenced project, in accordance with the Fee Schedule submitted for **RFP #2022-RFP-144-13**– Integrity Oversight Monitor. By providing a cost estimate, the Vendor is certifying that there is no Conflict of Interest with the subject request. By the date listed in the cover letter issuing this TOR, the Vendor shall e-mail the **New Jersey Economic Development Authority (NJEDA or “the Authority”)** a TOR Vendor Response Form provided by the NJEDA. Each estimate must include a Not-to-Exceed amount and statement.

**WRITTEN NOTICE TO PROCEED MUST BE PROVIDED BY THE AUTHORITY BEFORE WORK ON THIS PROJECT MAY BEGIN.**

**PROJECT DESCRIPTION**

For all COVID-19 Recovery Programs valued at \$20 million or more, the Engagement/**Task Order Requests (TOR)** will be provided to the Primary and Secondary contractors. Their responses will be evaluated and awarded accordingly and should include pricing. For all other programs under \$20 million, the TOR will be first provided to the Primary Contractor. If there is a conflict with the Primary Contractor, the task order will be provided to the Secondary Contractor. This TOR is for Recovery Loan Loss Reserve which is a competitive program funded with \$25,000,000 by the U.S. Treasury’s **State Small Business Credit Initiative (SSBCI)**.

Pursuant to RFP section 3.3.1, the awardee of this Task Order is requested to perform integrity monitoring services for the above referenced Recovery Loan Loss Reserve Program in accordance with the requirements of the RFP, addenda, Executive Order 166 (Murphy, 2020), the COVID-19 Compliance Plan (Feb. 2022) and the Integrity Monitor Guidelines (June 2021). The awardee must provide quarterly and other reports in accordance with RFP section 3.3.2 utilizing the template attached to the RFP (and available online at <https://nj.gov/comptroller/doc/Integrity%20Monitor%20Report%20Template%20-%20Category%203.docx>). The awardee will work with the NJEDA’s Accountability Officer and other NJEDA staff to monitor the above referenced Recovery Loan Loss Reserve Program.

## **Program Background**

SSBCI is a federal program administered by the **U.S. Department of the Treasury** (U.S. Treasury) to strengthen programs of eligible jurisdictions that support private financing to small businesses. The program was first established in 2010, and a second round was funded by the **American Rescue Plan Act (ARP)** in the spring of 2021, with \$10 billion available overall, allocated non-competitively to states, territories, and Tribal governments. Of the \$10 billion of SSBCI funding, the State of New Jersey (“NJ” or “State”) was allocated \$255 million as per the allocation agreement signed on March 15, 2023.

Because U.S. Treasury requires that state-level SSBCI applicants be a state department or agency that can obligate the State, Governor Murphy designated **NJ Department of the Treasury** (NJ Treasury) as the **Memorandum of Understanding (MOU)** lead applicant, with the NJEDA acting as a contracted entity to implement the program for purposes of the federal SSBCI application. The NJEDA’s **Board of Authority** (“Board”) approved a MOU with NJ Treasury regarding the arrangement for SSBCI 2.0.

In March 2020, the Board approved the creation of a **Community Development Financial Institution (CDFI) COVID Emergency Loan Loss Reserve** (“CDFI Fund”) in response to the economic disruption caused by the COVID-19 outbreak. This product created a fund that provided NJ-based CDFIs the ability to leverage their resources and provide financial assistance to businesses impacted by the novel coronavirus (“COVID-19”) pandemic.

The CDFI Fund provided a guarantee to CDFIs for working capital loans that met the following criteria:

- Made to a company that certifies to the CDFI that it has been adversely impacted by the emergency (e.g., closed, reduced hours, 20% reduction in revenue, 25% reduction in staff availability, material disruptions to its supply chain);
- Focused on working capital needs of a micro or small business;
- Does not exceed \$75,000;
- Does not have an interest rate above 3.75%;
- Provide flexible loan structures (e.g. deferred payments, moratoriums or interest only for up to 6 months); and
- Does not exceed a term of five years.

## **Recovery Loan Loss Reserve Program**

The CDFI Fund sat on NJEDA’s balance sheet, but was available to be drawn down by CDFIs, if COVID-19 related working capital loans that fit within certain approved parameters defaulted in the future. By lowering the CDFI’s internal risk ratings, the Authority enabled the CDFIs to reserve less capital against potential future losses, thereby increasing the capital available to lend to other COVID-19 impacted businesses. On February 9, 2022, the Board approved delegated authority for the CEO to apply, as contracted entity to NJ Treasury, for SSBCI funding for six program concepts and corresponding funding allocations, including the Recovery Loan Loss Reserve which uses \$25,000,000 from the State’s expected SSBCI allocation of \$255,197,631 from U.S. Treasury.

On September 14, 2022, the Board approved the creation of the Recovery Loan Loss Reserve Fund, which offered a guarantee to CDFIs and **Minority Depository Institutions (MDIs)** that create a recovery loan program with their own funding. The Recovery Loss Reserve Fund provides CDFIs and MDIs the ability to leverage their own non-federal resources and provide working capital loans that fit within certain approved parameters. This program provides eligible entities a loan guarantee of up to 50% in case of future default for all eligible loans that meet the necessary state and federal criteria throughout the term of the loan, allowing them to take on more risk and exposure to do more lending. Each entity is eligible for an allocation of up to \$2.5 million per entity.

## **Eligibility Criteria**

To be eligible, applicants must meet the following criteria:

- Have small and micro business lending experience. These entities can be based outside of NJ but must use funds to service eligible NJ based businesses only;
- Be a certified CDFI by the U.S. Treasury or MDI recognized by Federal Deposit Insurance Corporation (FDIC);
- Be able to provide a current CDFI certification provided by the U.S. Department of Treasury or FDIC to support

status as a MDI;

- Be able to demonstrate the capacity to create, underwrite, and approve new financial assistance (loan program) that meet the defined parameters as stated in the memo;
- Provide a current NJ Tax Clearance Certificate;
- Be verified in good standing with Department of Labor and Department of Environmental Protection
- Complete a legal debarment questionnaire;
- Provide an assurance affirming that no principal of the financial institution lender has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. § 16911)).

### **Application Process**

CDFIs and MDIs are directed to apply to NJEDA online, for which the non-refundable fee is \$1,000.00. At time of application, the CDFIs/MDIs must have opted into the allocation they are seeking under this fund. NJEDA requires applicants to complete an online application detailing how the Authority's fund would be used, and disclose key financial metrics, such as availability of capital, that demonstrate capacity to offer loan products and other key factors identified below.

As part of the evaluation of each organization's guarantee application, an applicant must:

- Demonstrate the applicant has lending experience to micro and small businesses.
- Provide a recap of all portfolio activity up to date of application to demonstrate growth in capacity and lending efforts in the last year. This can be demonstrated in the financials or balance sheets.
- Provide detailed information related to the loan products that are currently offered or will be created and supported by this product. Information provided must include: product term sheets, eligibility criteria, loan terms, fees, underwriting criteria and any other necessary criteria.
- Explain the applicant's policy or plan serving communities and business segments underserved by the banking sector and other financial institutions that the applicant serves and show significant experience complying with such policy or plan.
- Provide a detailed marketing plan on how this product will be marketed to attract new businesses. Plan should highlight what steps will be taken to ensure their product will serve all business owners. Applicants must offer their product information in multiple languages and identify what specific languages will be used.
- Verify that the funding to for the loan program is available and not from a federal funding source.
- Provide staffing information to demonstrate that the CDFI/MDI has operational and financial capacity to use the guarantee effectively.

### **Loan Criteria**

Loan guarantees are only applicable to new or existing lending programs that include the following features:

- Loan minimum is \$10,000 and maximum is \$250,000;
- Applicants can be for-profit or non-profit entities with commercial business locations within NJ;
- Loan interest rate cannot exceed 12%;
- Loan can include deferred payments, moratoriums or interest only for up to 12 months;
- Loan term cannot exceed 7 years;
- Collateral and personal guarantees are permissible but not required;
- Minimum global debt service coverage ratio of 1.0;
- If creating a new program, then minimum credit score must be under 650;
- Loans may be used by the business for operating expenses only;
- Loans must be made to applicants that are in good standing with NJ Department of Taxation and must provide a current tax clearance certificate when the loan is registered with NJEDA;
- CDFIs and MDIs that have received grants from NJEDA to create lending products or provide technical assistance (i.e., Main Street Lenders Grant) cannot use this guarantee program to support the same recipients of that loan program. Businesses can be served with the technical assistance support and be registered under this program;
- Loans provided by the CDFIs and MDIs and registered under the product must meet all SSBCI requirements;
- Must provide an assurance affirming that no principal of the borrowing entity has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42

U.S.C. § 16911));

- Loan must be registered with NJEDA within 90 days after the closing date of the loan by the CDFI/MDI. Loans beyond this window will not be eligible to be covered by the guaranteed allocation.

### **Eligible Loan Uses**

Examples of permitted uses include:

- Payroll;
- Marketing;
- Inventory;
- Rent;
- Mortgage/property Tax payments;
- Utilities;
- Any other expenses that are applicable to the daily operation of the business.

### **Ineligible Loan Uses**

- Any refinancing of existing debt;
- Purchases of equipment, Construction, reconstruction, demolition, alteration, repair work, maintenance work, construction related to installation of equipment where such activity exceeds \$1,999.99.

### **Recovery Loan Loss Reserve Program Approved Applicants**

- B.S.D. Capital, Inc.- \$2.5 million allocation
- NYBDC Local Development Corporation- \$2.5 million allocation

### **Disbursement**

Each approved entity administers their own specific lending activity. The Master Guarantee Agreement outlines the process each entity should take to draw on the NJEDA's guarantee of the defaulted loan. Eligible loans are registered with NJEDA as outlined in their agreement. Loans that do not fit the criteria of the eligible uses are not eligible to use the guarantee.

### **CDFI/MDI Reporting Requirements**

- All CDFIs/MDIs must provide the necessary documentation from a business to have their loan approved and then properly registered with NJEDA.
- The CDFIs/MDIs are responsible for collecting the necessary documentation from applicants and providing all necessary documentation to NJEDA to ensure loans are registered properly. In the event the necessary documentation is not provided or missing, their loan will not be eligible to be covered in case of a default.
- Loans must be registered with NJEDA at time of approval, require the CDFI/MDI to provide items on an NJEDA-provided checklist, and capture all relevant data to ensure loans are eligible at time of registration.
- CDFIs/MDIs must maintain all loan files and documentation, including loan disbursements and payments for the life of the loan, and may be subject to audit.
- CDFIs/MDIs are responsible for collecting all applicant data related to business ownership and/or any demographic information to identify SEDI applicants.
- CDFIs/MDIs are responsible for submitting all US Treasury required reporting on a quarterly, annual, and on an as needed basis to NJEDA. All due dates and templates have been provided to the participating CDFIs/MDIs.

### **Documents Attached**

- Board Memorandum re SSBCI - Recovery Loan Loss Reserve (9.14.2022)
- NJEDA's Memorandum of Understanding: Memorandum of Understanding Between the State of New Jersey, Department of the Treasury and the New Jersey Economic Development Authority (2.10.2022)
- CDFI Recovery Loan Loss Reserve Fund Proposed Program Specifications (03.2023)

## Deliverables

- **Quarterly Reports**

Integrity Monitors (IMs) shall submit draft quarterly reports to the NJEDA **five (5) business days** before the last day of the quarter detailing the specific services rendered during that quarter and any findings of waste, fraud, or abuse in accordance with the report templates found on the NJ Office of the State Comptroller (OSC) website. The draft quarterly report is submitted to the NJEDA with a copy to the Integrity Monitoring mailbox: [TreasuryIM@treas.nj.gov](mailto:TreasuryIM@treas.nj.gov).

Prior to the posting of a quarterly report that contains findings of waste, fraud, or abuse, the NJEDA shall be permitted to respond to the findings and have that response included in the publicly posted report. This will allow the NJEDA to highlight any course corrections from the finding, or to contest any finding that it contends is inappropriate. An NJEDA response is due within fifteen (15) business days after receipt of a draft quarterly report. Fifteen (15) business days after the quarter-end, the IM will deliver its final quarterly report, inclusive of any comments from the NJEDA, to [TreasuryIM@treas.nj.gov](mailto:TreasuryIM@treas.nj.gov) for distribution to the NJ State Treasurer, the NJ Governor's Disaster Recovery Office (GDRO), the NJ Senate President, the Speaker of the NJ General Assembly, the NJ Attorney General and the NJ OSC.

The IM quarterly reports will be posted on the GDRO transparency website pursuant to the Executive Order 166. The topics covered by the quarterly report should include the information included in the templates downloadable from OSC website ([New Jersey Governor's Disaster Recovery Office \(GDRO\) – COVID-19 Oversight \(nj.gov\)](https://www.nj.gov/governor/disaster-recovery-office/gdro)).

- **Additional Reports**

IMs must promptly prepare responses for OSC inquiries. OSC, GDRO and the State Treasurer may request that IMs prepare additional reports or prepare additional memoranda that will assist OSC in evaluating whether there is waste, fraud, or abuse in COVID-19 recovery programs administered by Recovery Plan Participants. OSC may also request that IMs or Recovery Program Participants share corrective action plans prepared by Recovery Plan Participants to address reported deficiencies and to evaluate whether those corrective plans have been successfully implemented.

IMs are required to follow the Method of Operation (MOO) for the Task Order Competition Process previously provided, with the following modification on time to submit:

- i. Immediately, **but by no later than three (3) business days** of the IM's receipt of the TOR, the IM must advise NJEDA of any conflicts of interest.
- ii. Within **14 calendar days** of the IM's receipt of the TOR, the IM must return a signed **Conflict of Interest Certification Statement (RFP Exhibit B2)** to [REDACTED], *whether or not a conflict exists*.

The IM must ensure that all pricing reflects itemized costs for all activities required for the Recovery Loan Loss Reserve Program including the "not-to-exceed" (NTE) pricing for: (a) all services within the year, *and* (b) for any additional necessary services that would exceed one (1) year. **The TOR response MUST include the NTE for the total cost of services for all applications and other IOM review criteria, as applicable, for the full duration of the project.** Pricing for all IOM services under this TOR associated with the Recovery Loan Loss Reserve Program must be listed in the TOR response (i.e., "additional [applications/services] beyond the number quoted will be priced at the rate of [dollar amount] per [time/unit] through the end of the program, with an increase in the cost NTE CPI per annum."). The pricing will be evaluated based upon **the entirety** of the duration of the engagement and the proposal is to provide for this period. **ANY LIMITATIONS OR CAVEATS (SUCH AS LIMITING PRICING QUOTES OR SERVICES TO A SELF-SPECIFIED PERIOD OF TIME, i.e. ONE YEAR) SUBMITTED WITH THE PRICING SHALL BE REJECTED AND RENDER THE SUBMISSION NONRESPONSIVE.**

**ADDITIONAL PARTIES TO RELY ON THE RESPONSE**

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
TASK ORDER REQUEST  
CONFLICT OF INTEREST CERTIFICATION STATEMENT  
[Reference RFP #2022-RFP-144 (TOR-13)]**

I hereby certify that I am an authorized representative of the Vendor and can provide this Conflict of Interest Certification Statement on the Vendor's behalf.

I hereby certify and attest that to the best of my knowledge that the Vendor does not have a direct, familial, personal or monetary interest in the business entity, business site or project indicated below; nor does the Vendor or any employee, agent and/or representative of the Vendor currently have or have had any previous or existing personal or professional relationships with, interaction with, or done business with the project-specific business, site and/or with the current or previous owner(s). Further, neither Vendor nor any employee, agent and/or representative of the Vendor is now or has been employed by, or is a principal of, or is affiliated with the respective business, business sites, owner(s) or project involved with the Task Order Request (TOR) named below, in any manner.

To the best of my knowledge, neither the Vendor or any employee, agent or representative of the Vendor hold any ownership interest in the respective Task Order Request businesses or business sites which are the subject of the work to be performed, nor does Vendor under contract (other than the Authority Contract) to perform work or services, including representation for the same businesses or business sites referenced in the Task Order Request for the work to be performed.

During the performance of the work for the Task Order Request, should a conflict of interest arise, whether real or perceived, Vendor will immediately notify the New Jersey Economic Development Authority's Designated Contract Manager of the conflict and await the Authority's review and decision regarding Vendor's further participation.

I understand that, should a conflict exist, whether real or perceived, in the sole discretion of the Authority, Vendor shall immediately recuse itself from the work to be performed. In the event Vendor declines to complete and execute this Conflict of Interest Statement, Vendor understands that it will be removed from the work.

**TASK ORDER REQUEST DETAILS:**

2022-RFP-144 (TOR-13)  
*RFP #*

Recovery Loan Loss Reserve Program  
*RFP Title*

- Vendor hereby certifies and attests that, to the best of my knowledge, there is no conflict of interest, as indicated above, that would affect Vendor's ability to accurately, effectively and impartially perform the work required on the specific Task Order Request.
- Vendor hereby recuses itself from participating in the performance of any work required on the specific Task Order Request for the following reasons:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Michael Bernstein  
*Vendor Employee Name*  
  
*Vendor Employee Signature*

Associate Managing Director  
*Title*  
6/23/2025  
*Date*

Bradley Sussman  
*Vendor Contract Manager Name*  
  
*Vendor Contract Manager Signature*

Senior Managing Director  
*Title*  
6/23/2025  
*Date*



INTEGRITY MONITORING

# K2 Integrity - Bid Submission-2022-RFP-144 – Integrity Oversight Monitor:

## Task Order Request – Recovery Loan Loss Reserve Program

**Prepared for:**  
New Jersey Economic Development Authority

**Attention:**  
[REDACTED]  
Director Business Banking  
New Jersey Economic Development Authority  
36 West State Street  
P.O. Box 990  
Trenton, NJ 08625-0990

June 23, 2025

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# 1. Management Overview and Technical Approach

## 1.1. Introduction

K2 Integrity, operating through K2 Intelligence, LLC (referred to herein as “K2 Integrity”) appreciates the opportunity to submit a proposal to the New Jersey Economic Development Authority (“EDA” or “the Authority”) to provide Integrity Oversight Monitor (“IOM”) services, Task Order Request (“TOR”) for the **Recovery Loan Loss Reserve Program (“RLLRP”)**.

K2 Integrity is the preeminent risk, compliance, investigations, and monitoring firm — built by industry leaders, driven by interdisciplinary teams, and supported by cutting-edge technology to safeguard our clients’ operations, reputation, and economic security. K2 Integrity represents the merger of K2 Intelligence, LLC an industry-leading investigative, compliance, monitoring, and cyber defense services firm founded in 2009 by Jeremy M. Kroll and Jules B. Kroll, the originator of the modern corporate investigations industry, and the Financial Integrity Network (“FIN”), a premier strategic advisory firm founded by Juan Zarate and Chip Poncy, former senior U.S. Treasury and government officials, dedicated to helping clients achieve their financial integrity goals.

Our teams include former senior government advisors, regulators, compliance officers, technology professionals, prosecutors, lawyers, law enforcement and intelligence professionals, forensic accountants, investigative journalists, and academics, each bringing a unique set of risk management, investigative, and advisory skills and perspectives to the client’s situation.

Headquartered in New York with offices in London, Washington, DC, Madrid, Geneva, Doha, Los Angeles, and Chicago, K2 Integrity employs a total global staff of more than 300 and maintains deep, diverse global networks. We act as advisors to governments, financial institutions, companies, and high-net-worth individuals; our clients frequently include public entities and authorities along with private companies across a wide variety of business sectors.

K2 Integrity advises governments, companies, boards, and individuals in business areas including integrity monitoring, investigations and disputes, regulatory compliance, cyber defense, construction and real estate, strategic risk and security, and private client services. We also assist financial institutions and governments with strategic advisory, policy, controls, and training to protect against the full range of illicit financing threats.

K2 Integrity is known for its strategic application of technology. Whether it is sophisticated digital forensic tools, deep web search capabilities, or sophisticated analytic platforms for interrogating massive data sets, we consistently produce efficient results for clients by knowing how and when to employ innovative technology.

K2 Integrity leverages unmatched multidisciplinary experience to develop cutting-edge solutions, stimulate business opportunities, and shape global economic security in a complex world. Whether it’s protecting clients’ assets or navigating the complex financial regulatory landscape to help clients identify, manage, and mitigate risk, K2 Integrity is a trusted advisor striving to meet and exceed clients’ goals in a rapidly changing world.

K2 Integrity is confident it can assist the Authority and provide a monitoring plan that can perform the requested services. We are uniquely qualified to provide the services requested in the Authority’s RFP. No other firm possesses decades of experience, depth of proprietary intelligence, and expertise in performing such services. As explained below, we are currently performing very similar IOM services on four engagements including for the Authority and other New Jersey agencies in which we monitored the expenditure of Covid-19 relief funds.

## 1.2. Management Overview and Technical Approach to Achieve the Scope of Work

K2 Integrity understands that the TOR calls for integrity monitoring services for the Recovery Loan Loss Reserve Program (“RLLRP”). RLLRP is a \$25 million program that provides Community Development Financial Institutions (“CDFIs”) and Minority Depository Institutions (“MDIs”) a loan guarantee to create a recovery loan program with their own funding to lend to micro or small businesses. Each entity is eligible for an allocation of up to \$2.5 million. K2 Integrity understands that two applicants have been approved for the RLLRP and both entities have been allocated \$2.5 million.

K2 Integrity is prepared to review the following:

- **Eligibility Criteria:**
  - CDFIs and MDIs are required to apply to NJEDA online; and
  - Applications must include how the funds would be used, disclosure of key financial metrics such as availability of capital, and demonstrate the capacity to offer loan products and other key factors.
- **Eligible Uses**
  - Examples of permitted used include: payroll, marketing, inventory, rent, mortgage/property tax payments; utilities, any other expenses that are applicable to the daily operation of the business.

## 1.3. General Approach

Designing, implementing, and managing proactive integrity monitoring and anti-fraud engagements is a core competency of K2 Integrity. As a result, K2 Integrity has an intimate understanding of the risks inherent in federal grant and disaster recovery programs, and knowledge of how to apply our methodologies in an independent fashion while collaborating and calibrating our work with decision-makers.

K2 Integrity has performed this type of work with multiple agencies in the past and continues to do so. In 2020 through present, we were instrumental in assisting the Authority, The New Jersey Department of Agriculture, the New Jersey Department of State, the New Jersey State Police, and the New Jersey Office of Higher Education in monitoring their expenditures of Covid-19 recovery funds.

We have performed integrity monitoring for major disaster recovery engagements since 2001, with our work on the clean-up of the World Trade Center site. Since then, we have performed these services in other engagements for a host of government agencies, including the New Jersey Department of Environmental Protection, the New Jersey Transit Corporation, the Port Authority of New York & New Jersey, the New York State Empire Development Corporation, and the Metropolitan Transportation Authority. Our experience on these past and current disaster recovery engagements allows us to design and implement efficient monitoring methodologies that will minimize the time and expense required to perform the services required on the engagement.

Our proposed work plan approach, as further described in the following sections of this document, focuses on practicality and real-world solutions to how grant funds and grant disbursements are managed. Our years of integrity monitoring experience enable us to target engagement-specific risks, not wasting resources in areas that do not require scrutiny. As we identify problems, we strive to get to the heart of the matter and design solutions to address and prevent integrity issues without burdening the engagement’s progress. We also follow through to ensure that proposed solutions work and do not adversely impact the fulfilment of our clients’ goals.

We understand that our clients have limited resources. We understand that while we cannot effectively monitor every transaction on every engagement, we maximize our efforts to focus on those activities or transactions most

susceptible to risks of fraud, waste, and abuse. We can accomplish these objectives successfully, despite our clients' resource limitations, because we employ a cost-effective, intelligence-driven approach designed to identify the areas of greatest risk (both in terms of impact and likelihood of occurrence), and the controls in place to mitigate those risks, so that we can target the use of our resources and make our sampling of processes and controls maximally effective. This pragmatic approach avoids duplication of the routine operational reviews of program management controls and processes and provides a value-add for an affordable cost.

K2 Integrity's approach is distinguished by the following characteristics:

### **Solutions-oriented, Not Process-Driven**

We believe that there is no such thing as a routine situation. We work to understand the problem before forming the solution. We are experts at analyzing internal data, documents, and communications and marrying that to market and situational intelligence to give our clients an edge.

### **Decades of Combined Experience**

Our senior practitioners bring decades of experience as leaders in their fields and deliver the best solutions to our clients.

### **Strategic Application of Technology**

Whether using sophisticated digital forensic tools, analytic platforms for interrogating massive data sets, or cutting-edge case management systems, K2 Integrity consistently relies on technology to deliver the most effective solution to our clients.

### **Tailored to the Needs of the Client**

We address client challenges from every possible angle and work tirelessly to craft solutions as quickly and efficiently as the particular situation requires. Our investigations frequently support the legal strategies of law firms.

### **Multidisciplinary Breadth**

Our teams can engineer multifaceted solutions that always put our clients' needs first. Using the latest technological, data, and analytical tools, our teams address client challenges from every angle and discipline to craft solutions.

### **Nimble Teams**

With global experience and local knowledge, we are able to go anywhere in the world at a moment's notice, including many remote or difficult locations. In addition to drawing on our own collective experience, we partner with a worldwide network of experts and practitioners in every field and capacity. This footprint allows us to service client needs wherever and whenever they arise.

### **Independence and Insight**

We are proud of what we have come to stand for: good outcomes, honest outcomes, and a reputation not only for risk advisory, consulting and compliance excellence, but for our independence and insight. Because of it we are trusted by governments around the world.

## **1.4. Addressing Potential Problems**

Given our extensive experience assisting agencies such as the Authority, The New Jersey Department of Agriculture, the New Jersey Department of State, the New Jersey State Police, and the New Jersey Office of Higher Education in monitoring their expenditures of Covid-19 recovery funds, we feel fully equipped to effectively handle any problems that may arise over the scope of this engagement. Our recent engagement with the Authority has given us specific familiarity with Agency procedures, programs, and staff, and should mitigate any potential problems that may arise.

## 1.5. Proposed Work Plan

Upon notification of an award and execution of a written engagement letter for a Task Order, K2 Integrity professionals will work closely with NJEDA to plan and conduct the following four-phases of work to assist NJEDA in achieving its objectives:

### 1.5.1. Kickoff and Identification of Monitorship Needs

#### Objective

During this phase of work, K2 Integrity will work with the NJEDA to plan and scope the project to ensure that key stakeholders are aligned with the project objectives, related deliverables, and timelines.

#### Project Kick-off Meeting

During this initial phase of work, K2 Integrity will coordinate a project kick-off meeting with key NJEDA personnel. The purpose of the kick-off meeting is to ensure that all stakeholders are aligned on the project objectives, scope, timelines, and deliverables.

#### Preparation of an Information Request

K2 Integrity will prepare a preliminary information request including relevant policies, procedures, and internal controls implemented by NJEDA. This may include, but will not necessarily be limited to the following:

- Documentation evidencing processes, controls, and technologies implemented to support the execution of applicable programmatic, financial, and administrative requirements set forth in Federal-State grant agreements, sub-grant award agreements, and applicable Federal and State laws, regulations, and guidelines in its administration of SSBCI funds and American Rescue Plan (“ARP”); Additional programmatic funds received from the State; and other Federal Agency for this purpose and subject to an Integrity Oversight Monitoring requirement.
- Results of quality assurance reviews and assessments associated with the payments process to ensure that they are following Federal and State regulations.
- Grants management policies and procedures.
- Accounting policies and procedures including, but not limited to, procurement, payments, expense reimbursement process, financial reporting, and accounts reconciliation process.
- Code of conduct, compliance program, and other governance related documentation.
- Results of prior risk assessments and related risk and control matrix.
- Audit reports including the identification of prior internal control deficiencies and management’s response regarding the same.
- Board memoranda related to the program subject to monitorship.
- Periodic reports and other financial reports that NJEDA produces or receives in its management of the grants and its program utilizing grant funding.
- loan application processing data.

#### Identify Expenditures Subject to Monitorship

- K2 Integrity will review information obtained to identify funds subject to monitorship and develop a schedule for operational and internal controls review.

- K2 Integrity understands that NJEDA currently estimates \$25 million funded by the State Small Business Credit Initiative (“SSBCI”).
- K2 understands that as of this RFP, two (2) applicants have been approved by NJEDA.

### **1.5.2. Ongoing Program Risk Assessment**

#### **Objective**

K2 Integrity understands that the scope of work for the initial risk assessment for the RLLRP may be included separately in the Phase 1 or 2 of this program, or NJEDA TOR for Risk Assessment released on March 24, 2023. As such, K2 Integrity will review the risk assessment created under that TOR and will provide any ongoing risk assessment services as needed including, but not limited to: (i) reviewing the operational effectiveness of key control activities against the initial risk matrix to determine residual risk, and (ii) updating the risk assessment to address information obtained throughout the monitorship of the RLLRP. K2 Integrity will ensure that there is no duplication or overlap of services related to the risk assessment.

### **1.5.3. Substantive Testing of Loan Applications**

#### **Objective**

During this phase of work, K2 Integrity will perform monitoring and testing of control operational effectiveness inclusive of transaction testing.

K2 Integrity understands the importance of NJEDA’s deadlines, and as such, will be nimble in our approach to conducting tasks in a timely and efficient manner. K2 Integrity professionals will work closely with designated NJEDA personnel to coordinate and perform the following tasks to achieve the project objectives.

#### **Identification of High-risk Areas Subject to Testing**

Based on the reviewed risk assessment from the prior TOR, and knowledge of the RLLRP, K2 Integrity will work with NJEDA to identify potential areas of focus of the transaction testing. This may include, but is not necessarily limited to, the following:

- loan application processing, payment, and monitoring;
- loan management;
- Payments;
- Financial reporting and reimbursement; and
- Reconciliation.

#### **Review Loan Applications**

With respect to the loan applicant, K2 Integrity will request and review the list of loan applications received and select a risk-based sample of transactions for testing using a combination of random and judgmental sampling designed to provide appropriate coverage of populations subject to monitorship and assess potential red flags. Transactional attributes to be tested include, but are not limited to, the following:

- Reviewing determinations and denials of applications for proper action.
- Reviewing documentation from the applicant to determine whether eligibility requirements are met.
- Assess adequacy of documentation provided by the applicant as part of its application.

- Review actual disbursement files to ensure that all planned disbursements agree with actual amounts as stated in the applicant files.
- Ensure that all appropriate supporting documentation was provided to support applicant's use of funds.
- Verify that applicants are registered in New Jersey, meet guidelines for specific expenditures, and are in good standing with sister agencies including the New Jersey Department of Labor, Workforce Development, and Department of Taxation.
- Validating applicant's banking information with sister agencies to detect and deter misappropriations of funds.
- Recalculating loan award amounts to determine whether the appropriate value of funds was disbursed.

Utilizing information learned from the risk assessment and initial analysis of data, we will determine the appropriate weighting of random and judgmental sampling to best identify noncompliant and fraudulent transactions. We will identify potential exceptions based on the transactions testing, which will include potential exceptions to established controls as well as potential indicators of fraud, waste, or abuse. We will conduct follow-up inquiries to obtain an understanding of the root cause of the exceptions and provide recommendations regarding control remediation. Testing and follow-up activity will include inquiry, observations, and forensic analysis of books and records to ensure that procedures and controls were executed based on program requirements and that Authority financial data reconcile with transactional and source data.

K2 Integrity's team of forensic accountants, investigative attorneys, forensic engineers, and investigators are available to conduct onsite monitoring, interviews, and data capture in the event of noncompliance with reporting requirements, unresponsiveness, allegations of misuse of funds, or other high-risk.

K2 Integrity has a vast network of professionals in additional areas of practice, including commercial lending and economic development incentives structuring, who are available to provide services at NJEDA's discretion should the need arise.

#### 1.5.4. Reporting

K2 Integrity will provide draft quarterly reports to the Authority, with a copy to [TreasuryIM@treas.nj.gov](mailto:TreasuryIM@treas.nj.gov), on the last day of the quarter detailing the specific services rendered and any findings of waste, fraud, or abuse. K2 Integrity will utilize the report templates on the Office of the State Comptroller's website for submittal.

#### 1.5.5. Engagement Timeline

K2 Integrity has prepared the following proposed timeline for the initial year of the Task Order based on the information presently available at the time of proposal. The timeline may need to be adjusted due to circumstances as they arise including, but not limited to, requirements of Task Orders that the Authority may issue.

Key Milestone:	Date:
<b>TOR Award</b>	July 3, 2025
<b>Kick-Off Meeting</b>	July 9, 2025
<b>IOM Information Request</b>	July 15, 2025
<b>Obtain Requested Information</b>	July 18, 2025
<b>Interviews of Authority Stakeholders</b>	July 29, 2025
<b>Conduct Quarterly Compliance Testing</b>	July 30, 2025 – September 15, 2025
<b>Issue Interim Report</b>	September 15, 2025

<b>Key Milestone:</b>	<b>Date:</b>
<b>Draft Quarterly Report Preparation</b>	September 19, 2025
<b>Draft Quarterly Report Submission</b>	September 29, 2025
<b>Conduct Quarterly Compliance Testing</b>	October 2, 2025 – December 15, 2025
<b>Issue Interim Report</b>	December 19, 2025
<b>Draft Quarterly Report Preparation</b>	December 22, 2025
<b>Draft Quarterly Report Submission</b>	December 29, 2025
<b>Conduct Quarterly Compliance Testing</b>	January 5, 2026 – March 16, 2026
<b>Issue Interim Report</b>	March 20, 2026
<b>Draft Quarterly Report Preparation</b>	March 23, 2026
<b>Draft Quarterly Report Submission</b>	March 30, 2026
<b>Conduct Quarterly Compliance Testing</b>	April 1, 2026 – June 15, 2026
<b>Issue Interim Report</b>	June 22, 2026
<b>Draft Quarterly Report Preparation</b>	June 25, 2026
<b>Draft Quarterly Report Submission</b>	June 30, 2026

## 2. Organization Chart



### 3. Key Team Member List

Our Key Team Members for this TOR are identified below:

Key Team Member	Proposed Role
Bradley Sussman	Executive Oversight of IOM Team
Tejah Duckworth	Project Management
Michael Bernstein	Management of All Audit Functions

### 4. NJEDA Task Order Request – Vendor Response Form

Attached please find K2 Integrity's TOR Vendor Response Form, RFP Exhibit B3, as Appendix 1.

K2 understands that two (2) applicants have been approved. K2 Integrity's proposes to review up to five (5) applicants for the RLLRP. K2 Integrity's total budget for this TOR is not-to-exceed \$91,430.

## Appendix 1 – Vendor Response Form

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY  
TASK ORDER REQUEST - VENDOR RESPONSE FORM  
[Reference RFP #2022-RFP-144]**

**TASK ORDER REQUEST # 144-13**

The undersigned, having familiarized himself/herself with the conditions affecting the cost of the work and with the Authority Contract documents agrees to furnish all mobilization, insurances, labor, materials and services, and perform all work as described in the Contract documents, per the rates included in the Fee Schedule. The Contractor is responsible for verifying and estimating all quantities for providing the prices.

<b>CONTRACTOR NAME</b>			
<b>PROJECT SUMMARY</b>		Recovery Loan Loss Reserve Program	
<b>COVID-19 Recovery Programs valued at \$20 million or more</b>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>STANDARDIZED POSITIONS/TITLES</b>	<b>HOURLY RATES</b>	<b>NUMBER OF HOURS</b>	<b>PRICE</b>
Senior Executive / Manager	\$340	5	\$1,700
Mid-Level Manager	\$290	185	\$53,650
Low-level (or similar title)	\$220	164	\$36,080
Administrative/Support Staff			
<b>TOTAL PRICE</b>			\$91,430
<b>Contractor agrees as follows:</b>			
Project completion shall be consistent with the dates outlined on the Task Order Request.			
Scheduling of all work shall be coordinated with the Authority.			
Consultant represents that there is no conflict of interest in the performance of this Task Order Request.			
The Authority is a tax-exempt organization: <span style="background-color: black; color: black;">[REDACTED]</span> .			

Respectfully submitted,

K2 Intelligence LLC \_\_\_\_\_  
Name of Firm

Bradley Sussman \_\_\_\_\_  
Name of Individual



\_\_\_\_\_  
Signature & Title

June 23, 2025 \_\_\_\_\_  
Date

