

March 11, 2009

Hon. Joel I. Klein
Chancellor
New York City Public Schools
Department of Education
52 Chambers Street, Room 314
New York, NY 10007

Re: Cecil Darrell
Regina Illery
SCI Case # 2007-0414

Dear Chancellor Klein:

An investigation conducted by this office has substantiated that from September 2004 through January 2007, Senior Procurement Analyst Cecil Darrell (“Darrell”) committed grand larceny in that he misappropriated more than \$60,000.00 from the Department of Education (“DOE”). Darrell utilized procurement cards (“P-cards”) issued to various staff members at the Division of Assessment and Accountability (“DAA”) to steal at least \$47,000.00 in items purchased from Washington Computer, a DOE vendor, and more than \$9,000.00 in travel expenses, including international flights, for himself, his relatives, and friends.¹ Darrell was also able to utilize the mail room at DOE headquarters (“Tweed”) to send almost \$5,000.00 in non-business related letters and packages to himself, family members, and friends. Darrell was able to accomplish all these thefts because he was not supervised by anyone at the DAA in regards to procurement, while the mailroom at Tweed had no effective controls to safeguard the shipping process.²

¹ Darrell was terminated during this investigation. A letter dated June 28, 2007 from Jennifer Bell-Ellwanger to Darrell recounted that they had a telephone conversation on April 18, 2007 during which he was instructed to return to work. He never returned and his employment was terminated effective April 18, 2007. The Division of Assessment and Accountability has been renamed the Office of Accountability. Darrell’s wife, Elsie Darrell (“E. Darrell”) works for the DOE and their son, J. Anthony Darrell (“J.A. Darrell”), also works at the DOE through TempForce.

² Darrell’s supervisor was Regina Illery.

This investigation began in January 2007, when Elizabeth Knipfing, Administrator for Business Operations of the Division of Financial Operations contacted the Office of the Special Commissioner of Investigation for the New York City School District (“SCI”) and reported that Darrell had utilized the DOE United Parcel Service (“UPS”) account to send unauthorized packages to locations including Guyana, California, Florida, and Ohio. Knipfing reported that these charges totaled approximately \$4,000.00.

Knipfing provided a three-page spreadsheet of the UPS charges. A review of those pages reflected that between August 31 and December 22, 2006, Darrell, using his own name, variations of his name, and the agency’s name, “NYC Dept. of Education,” sent 42 packages to 10 people at 11 locations, including Guyana and England, at a total cost of \$3,730.02.³ Subsequently, the Bureau of Administrative Services provided spreadsheets for the additional periods of September 2004 through June 2006 and for December 2006 through January 2007, which reflected more shipments of a questionable nature that Darrell had made.⁴ They also provided selected pages of UPS statements for the entire period as the back-up documentation. During these other periods, Darrell sent at least 65 additional packages to 13 individuals, including himself, his son, friends, and other family members.⁵ One of these was sent to Guyana. Attached to this letter as Appendix A is a breakdown of the shipments. In total, the DOE was billed \$4,787.47 for non-DOE related shipments by Darrell.

Unauthorized Purchases

Shortly after the investigation into the UPS misappropriations began, SCI investigators requested that Regina Illery, then the Director of Operations and Chief of Staff of the DAA and Darrell’s supervisor, provide them with an office inventory and a

³ During a subsequent interview with SCI investigators, Knipfing provided additional details and explained how the matter had come to light. She recounted that, while he was reviewing UPS charges, George Speisman, Director of the Bureau of Administrative Services, noticed numerous charges which indicated that Darrell was sending packages throughout the U.S. and Guyana. Knipfing stated that Speisman contacted Darrell regarding the UPS shipments and, on January 22, 2007, Darrell sent Speisman an e-mail message admitting that he had used the DOE’s UPS account to send non-DOE business related items to Guyana, that he did not intend to send out other items, and that he took “full responsibility” for his actions. Knipfing also provided a copy of the e-mail message that Darrell sent Speisman. In that e-mail, Darrell explained that he had bought some “old textbooks and other items” for “needy kids back home.” Darrell had also copied the e-mail to Adan Arzu, the supervisor of the mail room.

⁴ The “packages” ranged from letter-sized to 40 pounds.

⁵ Some of the charges listed on the spreadsheets could not be linked to Darrell except for his name as sender. Shipments were sent to individuals or companies that do have a business relationship to DOE and are therefore not attributed to Darrell. Still other shipments sent by Darrell were not identified but there did not appear to be an obvious DOE-business related reason for the shipment. For instance, no one who was asked about the charge for the shipment to an individual at Gold Key Mortgage has identified the recipient. There were also charges for the shipment of a package to the Catalog Center Sheplers, Wichita, Kansas. (Sheplers is a store that sells western apparel. See www.sheplers.com).

list of the items that the DAA had purchased from January 2006.⁶ Before that list and inventory was provided to SCI, investigators met with Jennifer Bell-Ellwanger, then the Executive Director at DAA and Illery's supervisor, in response to a call from her office.⁷ Bell-Ellwanger provided the investigators with a six-page fax from an employee of Washington Computer Services ("Washington Computer") to Darrell dated February 15, 2007 which included five invoices.⁸ One invoice, which had an order date of January 31, 2007, was for a white 80GB iPod that cost \$399.00 and another, which also had an order date of January 31, 2007, was for a \$369.00 Bose sound dock.⁹ The invoices reflected that both these items were to be shipped to Darrell at his work address.¹⁰ Bell-Ellwanger reported that Darrell used a DAA P-card to purchase the iPod and sound dock from Washington Computer.¹¹ Bell-Ellwanger added that, as a result of this purchase, she suspended this P-card so it could not be used. An SCI investigator requested that Bell-Ellwanger provide records including all the DAA P-card purchases made between January 2006 and March 1, 2007.

Illery provided a spreadsheet of unauthorized charges, which reflected that there were over \$69,000.00 in unauthorized charges on P-cards issued in the names of two DAA employees.¹² During an interview on April 27, 2007, Illery reported that Darrell handled all P-card requests and maintained all the P-card statements. She also provided the SCI investigators with a binder, which contained the P-card statements for the various cards assigned to individuals at DAA and back-up documents which Illery said she utilized to determine which charges were for unauthorized purchases.¹³ The spreadsheet and binder were put together after the request by SCI investigators. Also provided was an inventory of 27 laptop computers. A review of the documents in this binder and the spreadsheet disclosed the unauthorized travel arrangements between June 2006 and

⁶ Illery testified that, when the investigation began, her title was Director of Operations and Chief of Staff for the DAA. It was subsequently changed to Director of Operations.

⁷ Currently, Bell-Ellwanger's title is Senior Advisor to the Chancellor.

⁸ Although the cover page indicated that the fax contained seven invoices, only five were attached. A Washington Computer employee requested that Darrell let her know if she needed to make any adjustments.

⁹ January 31, 2007 was the day after SCI investigators interviewed Darrell concerning the UPS charges. Documentation from Washington Computer indicated that the sound dock was shipped to Darrell on January 22, 2007 and signed for by a particular individual on January 23, 2007. The individual who signed for the package worked in the mail room at Tweed.

¹⁰ Two other invoices (dated January 17 and January 19, 2007) concerned the purchase of a total of three Acer laptop computers, all of which were to be shipped to Darrell. The other invoice was for toner to be shipped to another individual at the DOE Scan Center in Queens.

¹¹ As discussed in greater detail in Appendix C, a "P-card" is a debit card to be used for authorized, work-related travel and purchases.

¹² All but two of the charges on the spreadsheet were on four P-cards in Illery's name. The other two charges, which totaled \$1,890.00, were charged to a P-card in the name of Dereck Walcott.

¹³ During a January 28, 2008 interview, Illery reported that a member of the staff, Doreen Nelson, pulled together the information and Illery reviewed the statements and the invoices to determine whether she had authorized the purchases. Indeed, an employee of Washington Computer reported that Doreen Nelson had contacted her seeking invoices.

January 2007 for Darrell, E. Darrell, two of E. Darrell's nieces, and a niece's daughter, as well as unauthorized purchases of equipment, mostly from Washington Computer.¹⁴

Washington Computer, a vendor that sold computer and electronic equipment to the DOE, provided documents regarding purchases Darrell had made using DOE P-cards. Documentation was also obtained from Travel Hut of Howard Beach, the travel agency where Darrell booked the trips paid for with DOE P-cards.¹⁵ A review of these other records showed additional questionable charges. Witnesses from those companies were interviewed, as were the P-card holders, and Darrell and E. Darrell. Many of the interviews were conducted under oath. Additional documents and P-card statements were obtained from the DAA, from the Office of Accounts Payable, and JPMorgan Chase, the bank through which the P-cards were issued. The following sections explain Darrell's theft.

Washington Computer

The spreadsheet Illery provided indicated that the unauthorized purchases from Washington Computer on P-cards issued in her name totaled more than \$55,000. The documents from DAA and Washington Computer were reviewed and Illery and another DAA staff member, Sundiata Kamau, were separately interviewed about various purchases.¹⁶ Both Illery and Kamau explained that DAA did not order iPods, sound systems, cameras, or camcorders. They also reported that they did not use Acer products.¹⁷ Kamau also told SCI staff, that as the Supervisor of Computer Technology or "IT" person for DAA, he would set up or configure any new computers and he did not set up any Acer computers. Illery confirmed that any computers in DAA would be configured by Kamau. Kamau also maintained that except for an IBM Thinkpad computer, the DOE used Dell Products.¹⁸ Based upon these interviews, there were several categories of items – such as audio and video iPods, Bose sound docks, digital cameras, camcorders, and Acer computers – which DAA did not use and would not need to purchase. Other items – such as software, a part for a copier, and a Thinkpad – are items which DAA did or could use although back-up documentation is missing.

¹⁴ As recounted in Appendix B, there was other unauthorized travel as early as February 2005.

¹⁵ Documentation was also obtained from a second travel agency called Ameristar which shared an office with Travel Hut for a period of time.

¹⁶ During the course of this investigation, Kamau "quit" his position at the DOE. Thereafter, he sought to be re-instated. To date, he has not been re-instated.

¹⁷ Illery recalled that at one point her office tried Acer computers but estimated that it was possibly in 2004. She explained that the Acer product purchased was a tablet type of computer and the office did not like the product. In a later interview, she explained that that purchase was made through a purchase order and not a P-card.

¹⁸ Illery also recalled that they had received permission to order Thinkpads but maintained that those were not purchased through P-cards. Four of the 27 computers listed on the laptop inventory provided were IBM Thinkpads, the rest were Dell computers. Even though Darrell purchased a Thinkpad from Washington Computer in August 2006, it is not counted in the theft.

Between May 31, 2006 and January 31, 2007, Darrell purchased Bose sound docks or iPod speakers on three occasions at a total cost of \$1,116.00.¹⁹ During the period of December 2005 through January 31, 2007, Darrell purchased 14 iPods, four chargers, and four triport earpods at a total cost of \$6,709.00. He also ordered over \$38,000 in Acer notebook and desktop computers including the towers, keyboards, speakers, a server, and monitors, as well as carrying cases.²⁰ In April 2006, Darrell purchased a camcorder and a Sony Cyber-shot digital camera from Washington Computer and, in March 2005, two Exilim digital cameras. The total cost was \$1,757.00.²¹ In total, the DOE was charged at least \$47,582.00 for items which Darrell and DAA did not have any legitimate need to purchase.

Travel

During the period of February 2005 through January 2007, Darrell charged nine trips to DOE P-cards.²² Darrell and E. Darrell traveled to Modesto, California and Florida.²³ Other relatives traveled from Georgetown, Guyana to New York, from New York to London, England and from Orlando, Florida to New York, and a friend traveled from Georgetown, Guyana to New York. All the DOE employees whose P-cards were used to purchase these trips denied using their cards for these trips, denied authorizing anyone else to do so and, with the exception of Illery, denied knowing the passengers.²⁴ The trips were booked through Travel Hut.²⁵ This office has concluded that Darrell used DOE P-cards issued to Dolores ("Lori") Mei, Illery, Dereck Walcott, and Mabel Payne to book, change or cancel travel, at a cost of \$9,210.09. In addition to Darrell and his wife, among the individuals for whom Darrell purchased travel using DOE P-cards were E. Darrell's niece, Karen Lawrie, and Karen's daughter, Ashley Lawrie, to fly between Guyana and New York and between New York and London. Karen Lawrie was also the recipient in Guyana of 12 shipments from Darrell paid for by the DOE. Eleanor Gouveia, to whom a package had been sent in Great Britain using the DOE UPS account, was also the passenger for whom a roundtrip ticket from Guyana to New York was purchased with a DOE P-card. Tickets were also purchased by Darrell for Lolita Manbodh, whom E. Darrell identified as her sister's daughter, to travel between Orlando, Florida and New York. She also was sent a shipment paid for by the DOE. Darrell also utilized a DOE P-

¹⁹ According to the information reflected on the invoices, sometimes freight or shipping and handling was charged. When it was charged to the DOE, that amount was reflected in the amount listed in this letter as the total charge.

²⁰ Included in this amount are 17 Acer notebooks, model number Lx.tec 06.031, purchased between October 10, 2006 and January 19, 2007, four Acer notebooks, model number Lx.Au 606.016, purchased between December 14 and 21, 2006, six other models of Acer notebooks between January 30, 2006 and January 31, 2007, and Acer desktops purchased between December 22, 2005 and December 18, 2006.

²¹ The camcorder cost \$490.00; the Sony camera, \$349.00; and the Exilim cameras, \$459.00 each.

²² One trip was cancelled the same day it was booked. That trip only incurred the cancellation fee.

²³ For the Florida trip, two sets of tickets for travel from the New York area to Florida were purchased.

²⁴ Illery knew the Darrells and testified that she did not know Eleanor Gouveia, the Lawries and Manbodh, the other passengers whose tickets were purchased with her P-cards.

²⁵ The service fee for the last trip in January 2007 was charged by Ameristar travel which shared space with Travel Hut.

card to purchase a roundtrip ticket for another Lawrie to travel between Trinidad and New York. Attached to this letter as Appendix B is a breakdown of the travel.

Records from Travel Hut and Ameristar reflected that Darrell was the customer who booked the travel using DOE P-cards. The contact information on those records reflected some or all of the following information: his residence, his office, his DOE cell phone number, his office phone number, and his office e-mail address.

The Travel Hut employee who booked the travel was interviewed on three occasions during the course of the investigation.²⁶ She said that all the arrangements for travel were made with Darrell. Her employer had explained to her that he knew Darrell. She continued that she would take down whatever information Darrell provided, such as contact information, the dates of travel and credit card information, and that all the information was reviewed and approved by her employer. She recalled one particular situation where there was a problem with a credit card number, which was in the name of Regina Illery, and the charge was not being approved. She called Darrell who did a three way call with a woman who identified herself as Illery. Whatever information the woman provided allowed the transaction to be completed.²⁷ A review of the payment information reflected that six different P-cards were used to book the travel.²⁸

Other Charges

There were two other charges incurred by Darrell on two P-cards in Illery's name for items which would have no legitimate use by the DOE: a \$1,549.99 charge in 2006 from MZ Communications, a satellite phone company located in California, and \$1,339.75 in charges in 2006 from Kellyco, for the purchase of two hobby metal detectors and related items. The invoices from MZ Communications and Kellyco for these purchases reflected Darrell at his work address as the individual to whom the items were to be billed and shipped. The Kellyco purchases were made on August 8 and 9, 2006. The satellite phone was purchased on August 16, 2006. Illery testified that the satellite cell phone and two metal detectors were unauthorized purchases.

²⁶ During the final interview, conducted under oath and in the presence of her attorney, she explained her general practice of booking tickets for customers and preparing the travel packets. While speaking with the customer, she would research the potential flights and, if the customer wanted to make a reservation for a particular flight, she would enter information on the travel packet. The entries included the flight information, travel dates, and information provided by the customer as the contact and billing information. After she completed the packet, she would obtain her boss's approval before she purchased the tickets. She explained that most of their business was generated through telephone calls and that, "a lot of times," customers provided credit card information in a different name than the name of the traveler. She explained that for the computer to accept the credit card information, the billing name and address had to match the billing information for the particular credit card number.

²⁷ Illery testified that she did not know the female employee of the travel agency and that she never had a conversation with her.

²⁸ The cardholders of those P-cards were: Mei (one card); Walcott (one card); Payne (one card); and Illery (three cards). See Appendix B for further details.

Cecil Darrell

Darrell was interviewed three times by SCI staff during the course of the investigation.²⁹ During a January 2007 interview, Darrell admitted to SCI investigators that he used the DOE UPS account to mail personal items to friends and family throughout the U.S., Guyana, and Great Britain. Darrell identified “J. Anthony Darrell” as his son in California; Donald and Karen Lawrie as cousins in Guyana; Dolores Darrell as his sister in Ohio and Jessie McGuinness as his nephew in Ohio; Henry Alphonso as his friend in Guyana; Claude and Lolita Manbodh as his sister and cousin in Florida; Chanrabath Baldeo as his friend in Florida; and Angela Gouveia as his cousin in Great Britain.³⁰ At the time of this interview, the allegations concerned UPS charges made by him from July 2006 through December 2006. Darrell informed investigators that he would buy “dollar” books from a street vendor and send these books to Guyana. Darrell confirmed that he sent an e-mail message to Speisman and that he was willing to make restitution for his improper use of the UPS account.

After the February 15, 2007 facsimile from Washington Computer was turned over to SCI, on March 19, 2007, the assigned investigator had a telephone conversation with Darrell. Darrell reported that he used to have an iPod which he claimed to have lost in Connecticut over the 2006 Christmas holidays. He stated he had the iPod for about a year and a half. Darrell claimed to have no other iPods. Darrell stated that he ordered two iPods for “Mr. Kamau.”³¹ Darrell also claimed that “other people” had access to using the P-card number.

In May 2008, investigators spoke briefly with Darrell before they served him with a subpoena to appear at SCI and testify. At that time, he identified the name of a family friend, Karen and Ashley Lawrie as cousins, and Lolita Manbodh as a friend. When asked about travel and unauthorized P-card use Darrell responded “I don’t know how this could happen,” and added “there are two sides to every story.”

During his June 2008 interview under oath, he reiterated that Dolores Darrell was his sister who lived in Ohio; Donald Lawrie was his brother-in-law who lived in Guyana; Karen Lawrie was his wife’s cousin in Guyana; James Lawrie was his wife’s brother in Paterson, New Jersey; Kevin Lawrie was his wife’s nephew in Florida; Lynette Lawrie was a family friend residing in Guyana; Claude Manbodh was his friend in Orlando, Florida; Lolita Manbodh was Claude’s sister who also resided in Orlando, Florida; and Jessie McGuinness was his nephew and Dolores Darrell’s son who lived in Ohio. Under oath, Darrell reported that he never heard the name Chanrabath Baldeo. He also reported

²⁹ Darrell was interviewed in person by investigators in January 2007, had a telephone conversation with an investigator in March 2007, and was interviewed under oath in June 2008. Additionally, investigators spoke briefly with Darrell in May 2008 when they served him with a subpoena.

³⁰ In a subsequent interview, he identified Claude as his friend and Lolita as Claude’s sister and Angela Gouveia as a family friend in London, England.

³¹ During an interview under oath, Kamau denied that he ever asked Darrell to purchase any iPods for him.

that he did not know Latisha Hodge or Robert Carretta. However, during the January interview, he had identified Baldeo as a friend in Florida, Henry Alphonso as his friend in Guyana, and Alfron Alphonso as a friend's son.

In terms of the UPS charges, he testified that he had already admitted that he sent the packages and utilized the DOE system to send packages to friends and family in Guyana and Florida but claimed that they were not unauthorized. He reported that Adan Arzu, who was the supervisor of the mail room, knew what he was doing and gave him permission. He explained that he would ask permission the day before, bring in the addressed box, place it on the counter and fill out the form. He asserted that his use of the DOE UPS mail system was not done in a "diabolical" way. He even recalled that one package had been returned and it was reshipped. Darrell also claimed that Illery knew that he was using the UPS mail system to send packages to family and friends. He explained that he would bring in boxes and bags and pack them at his desk, and that at Christmas time, he would buy items for his nephews in Ohio. When asked if he had conversations with Illery about sending the packages, he did not answer directly. Instead, he reported that there was "no 'yes' or 'no'" answer but that their desks and cubicles were next to each other and he was packing boxes. This implication that Illery knew was contradicted by his statement during his January interview in which Darrell maintained that he never advised Illery that he was using the DOE UPS account for personal use.

Initially, Darrell denied receiving any UPS packages from the DOE at his home and did not recall sending himself any items from Tweed. A little later in the interview, when he was asked was there a reason for shipments on seven occasions in December 2006 to his house, Darrell responded that there were times where he would order things just to avoid paying taxes. That was something that he naturally did. He might have sent some packages to Barakat but was not sure. Darrell explained that Barakat, who owned the apartment where the Darrells were residing, was living at a different address and was traveling "back and forth." Darrell said that it was "customary" that he would go around Chambers Street and purchase items to ship out. He claimed that he had purchased the DVD player, which he shipped to Henry Alphonso in Guyana, on 14th Street.³² In terms of the shipments to Guyana, he claimed that he would send blank DVDs, movies, food items, and clothing to Guyana because those were hard to get items. He maintained that "not one bit" of the items that he was shipping had been purchased with a DOE P-card.

Also during his interview under oath, Darrell was questioned about the travel charges, beginning with Sha Lawrie's tickets on the P-card ending 2953.³³ When he was shown the statement for that P-card, Darrell first claimed that he could not tell "much" about this. He then stated "if I were to guess, it might have been something that he might have done mistakenly on that card." Although Darrell claimed not to "know this person personally," he might have "screwed up the card numbers[.]" When he was asked to

³² This was one of two shipments that were returned so additional paperwork was provided by Speisman's office.

³³ Earlier in his interview, he had opined that Sha Lawrie might be one of the Lawrie cousins.

explain, he offered that, “on 9/11,” he had been living in New Jersey and had a “close call[.]” He continued that thereafter he had been traumatized and had been erratic in coming to the office. He estimated that he might have booked travel on DOE P-cards on four occasions. He denied that he did it “purposely” or with “any sinister intention.” He continued that a particular family friend would allow them to book travel for themselves on her credit card (and thereafter be reimbursed) and that he might have “inadvertently” given the travel agency the P-card numbers instead of his friend’s credit card number.³⁴

Next, he was shown a statement for Illery’s P-card ending 3571 which reflected Eleanor Gouveia’s trip. First, Darrell denied knowing anything about the charge. When it was pointed out that he had already said that he knew Gouveia, he conceded that it could have been possible that he used the card. After he was shown two more charges relating to the travel of the Lawries, he claimed that he “hate[d] to sound redundant” but “anything to do with Travel Hut” could have been inadvertent use of the card.³⁵ He said that the employee of Travel Hut had the card numbers on file and while he assumed that the charges were being made to his friend’s card, the charges apparently were not, and he would take responsibility for it. He maintained that the travel agency must have made a mistake. Darrell had a somewhat better recollection of the circumstances surrounding the trip that he and his wife made to California. He claimed that his son’s wife was giving birth, they were rushing and “with all the confusion,” it was “a major screw-up on my part” and he would take responsibility for the charges. He also acknowledged the trip to Orlando, Florida but claimed that he flew to Orlando and then drove to California. He also remembered Manbodh’s travel in 2007 and conceded that he used the DOE P-cards for travel on eight different occasions.

During his interview under oath, Darrell also insisted that he did not make any unauthorized purchases. He was questioned about the charges on the various invoices starting with those for the Bose sound system and the 80GB iPod which were reported in March 2007. He denied purchasing the iPod, did not remember purchasing a Bose sound dock, and denied that Illery had questioned him about the iPod. Many invoices were reviewed with Darrell. He asserted that he was under a disadvantage. He claimed that he only ordered what he was asked to by “IT” and kept “meticulous” files. He protested that he could not provide any information about the specific items because ordering various items was his job and without his files he could not provide explanations. In particular, he described a foot-thick package maintained in a file drawer in their work space.³⁶ He claimed that others also had access to the P-card numbers and he asserted that the items

³⁴ Darrell had identified this woman as a friend when investigators briefly spoke to him in May 2008. Additionally, among the travel packets provided by Travel Hut was a roundtrip flight that Darrell and E. Darrell took to Georgetown, Guyana. The billing information on the packet reflected that these tickets were charged to the friend’s credit card. Darrell was the contact person again, at his home address, but the telephone number listed was E. Darrell’s DOE work number.

³⁵ He argued that he would not “blatantly use these cards knowing that this information could come right to those people’s desks and not be concerned or worried about it.”

³⁶ Neither Illery, Sheila Moore nor Doreen Nelson, the latter being other employees in DAA, recognized this file from its description.

would be shipped to him because Washington Computer knew he was the purchasing agent. Darrell also denied that he was familiar with MZ Communications or Kellyco and answered that it was not possible that he used a P-card to purchase the satellite phone. When asked about the name Kellyco, he again claimed that he was at a disadvantage without his records.

During his questioning about the various charges, Darrell identified two DOE purchasing agents as also having access to the P-card number. However, he conceded that they were both stationed at the Scan Center in Queens while he was the purchasing agent at Tweed. He explained that Illery instructed him to maintain a log of the use of her P-card. The other office employees were responsible for their own logs for travel related purchases. Darrell reported that Illery had "just one" card which was used for small item purchases.

He denied that he ever used the DOE P-cards to purchase items from Washington Computer for personal use and that he never purchased items which he gave or sent to family or friends.

Subsequent to his interview, SCI obtained nine boxes of Darrell's records and did not locate any file fitting the description that he provided. Efforts made to contact Darrell to continue his testimony were unsuccessful.³⁷

Elsie Darrell

During her interview under oath in June 2008, E. Darrell testified that she had worked for the DOE for 33 years and currently had the title "Procurement Officer" in the Division of Contracts and Purchasing. She explained that she worked in a contract unit with attorneys, gathering information to get a contract to registration. She also identified some of the individuals who received packages shipped through the DOE UPS account and/or traveled. She testified that Karen Lawrie was her brother's daughter and Ashley was Karen's daughter while Lahata [sic] Manbodh was her sister's daughter who resided in Florida.³⁸

E. Darrell testified that Travel Hut was a travel agency that she and Darrell used. She said that she would attempt to find a good fare and if she could not she would contact the travel agency. She explained that she "most[ly]" traveled to Guyana and to

³⁷ The assigned investigator attempted to reach Darrell on the cell phone number that he had provided, but the number was not active. The investigator spoke with E. Darrell at her DOE telephone number and asked her to have Darrell contact him. During the following week, the investigator made numerous calls to Darrell's cell number and his wife's work number and received no response. Investigators visited his residence and left a card, and a letter was sent by both certified mail and U.S. Mail about our attempts to contact him and requesting that he contact SCI. The letter sent certified mail was not claimed; the other letter was not returned to this office.

³⁸ She testified that she did not know if Karen Lawrie visited New York during the summer of 2006 and that Darrell never mentioned that he booked travel for family members.

California, either with Darrell or alone, because her son was in California. She maintained that sometimes Darrell would make the travel arrangements and sometimes she would. In terms of the November 2006 trip to Modesto on Illery's card, she was shown the itinerary and asked if she recalled the specific trip. She answered that she did travel to California because her son was there. She did not recall whether she or Darrell had arranged the trip. She asserted that if she had, she would have used her friend's credit card or her own Visa card.³⁹ She was shown the packet which indicated that it was billed to "Elsie Darrell" with Illery's P-card number. When asked why the trip was booked in her name with Illery's P-card, she claimed that sometimes she booked the travel and sometimes her husband did. She continued that "I don't know. I don't know if it's something that he booked." She denied using Illery's P-card to book this trip.

She admitted that she and Darrell traveled to Florida in December 2006 "around Christmas time" and that Darrell had made the arrangements. She reported that, in her job, she did not use or have access to P-cards, that she had "no idea" if Darrell used or had access to P-cards when he worked for the DOE, and that Darrell never mentioned using DOE P-cards to book travel. She continued that the previous night she asked Darrell why she had to appear at SCI. Darrell, who had testified earlier that day, reportedly told her that "[t]hey're going to ask [her] about some travel things which I didn't use all the time, [the friend's] card or cash." She claimed that he did not mention what card he used. E. Darrell testified that she thought that the trips that she took with Darrell were paid for either by cash or their friend's credit card. She explained that she never had any conversations with him about it and her basis for believing that that was how he was paying for it was that he was responsible enough to do the "right thing."

She was also questioned about whether she and Darrell sent packages to relatives. She explained that when they had a baby shower for her son in October 2006, she got quite a few gifts. She reported that Darrell said that he would have the gifts sent and recounted that Darrell brought the gifts to work. She maintained that she did not know that he was using the DOE UPS account.⁴⁰ Additionally, one year, Darrell told her that he was going to send Christmas presents from work. She was not sure which year and she did not know whether he said that he was going to ship it through UPS. E. Darrell also reported that, in addition to the baby shower presents, other items were sent to their

³⁹ E. Darrell's information was also reflected on some records concerning her travel. An employee of the travel agency recalled that she had booked a trip for E. Darrell on one occasion although she did not recall which one. During her interview with SCI staff, E. Darrell admitted that she booked travel to California or Guyana through Travel Hut. One travel packet from Travel Hut was for her to travel to "SAN" – the airport code for San Diego International Airport. E. Darrell was listed as the purchaser for a flight on American Airlines on July 18, 2005 with a return on July 20th. A credit card in her name was used to purchase the tickets. It listed her home address and her work telephone number. (Based upon where UPS shipments to their son, J. A. Darrell, were being sent and his testimony, he was residing in San Diego at the time.)

⁴⁰ She believed that their son was still living in San Diego at the time. He was actually residing in Modesto.

son. She explained that because he was not working, they would make “a little care package” and sent items such as “his little books for him, records, little things that he had here, that I had at the apartment for him. Little bag, little toiletries, little, you know, little care package.” E. Darrell explained that she would make the purchases and Darrell would handle the mailing.

J. Anthony Darrell

J. A. Darrell was also interviewed under oath at SCI in June 2008. He reported that he was working at the DOE through TempForce and had previously worked at the DOE.⁴¹ J. A. Darrell confirmed that his parents shipped packages to him but he did not know if they were sent from their home or jobs. In San Diego, he received packages of clothes and books as well as plates, dishes and cups for his apartment. He continued that they received the majority of packages after he moved to Modesto. He and his wife had a baby in November 2006 and his parents had a baby shower before the child was born. They received “tons” of baby clothes, a diaper genie, bottles, and other items for the baby. He believed that they received a stroller and a high chair. He estimated that his wife, who was home while he was working, was receiving packages about every three days. He did not know how the packages were being shipped but thought that it was by either FedEx or UPS.

Additionally, he identified an individual to whom Darrell had sent four shipments in January 2007 – according to the UPS invoices, Robert Carretta or Carpetta in Oakdale, California. C. and E. Darrell both testified that they did not know that name. J. A. Darrell, who recognized the name, testified that the last name was actually Carpetta and he was his brother-in-law who was in Modesto.⁴²

Regina Illery

Regina Illery, Darrell’s supervisor, was interviewed several times during the

⁴¹ His testimony concerning where he resided corroborated the locations where packages were sent to him using the DOE UPS account. He explained that, in 2004, he moved to the Houston area, with his girlfriend who was now his wife, where he resided for approximately six months. He recounted how he had driven to Houston and had packed as much as he could fit. He did not receive many packages while he was in Texas but, if he asked for clothes, he was sent items out of his room. He then lived in the San Diego, California area for about 18 months before a job opportunity became available in Modesto, California. (J. A. Darrell identified Pasadena and Bonita, two localities where packages were sent to him, as either a suburb or part of Houston and San Diego, respectively). He estimated that he was in Modesto for a little over a year before he moved back to New Jersey in November 2007.

⁴² Oakdale is approximately 15 miles from Modesto.

course of this investigation, including under oath on three occasions.⁴³ The first interview took place in February of 2007, when SCI investigators were looking into the misuse of the DOE's UPS account and had not yet discovered the larcenies involving the P-cards. Illery, who reported that she had supervised Darrell for approximately eight years, recounted that Darrell sent items to his son in California and mentioned sending things to Guyana, but she asserted that she never saw anything and had no reason to believe that Darrell was using the DOE UPS account to ship these items.⁴⁴ She also said that he had never told her that he was using the account to improperly send non-DOE related items to his friends and family. Illery added that Darrell never told her that he spoke to or e-mailed Speisman concerning UPS bills.

In a March 2007 interview, after some of the P-card facilitated larcenies were discovered, Illery acknowledged that the P-card used by Darrell to order a white 80GB iPod and a Bose sound dock was assigned to her. Illery asserted that Darrell never came to her to approve this purchase. She maintained that, if he had, she would not have approved such a purchase. In an April 2007 interview, Illery reported that Darrell handled all P-card requests and maintained all the P-card statements.

During an interview under oath in January 2008, Illery described hiring Darrell as a procurement specialist about 10 years earlier. She believed that they had a good working relationship and she considered him a good friend. She explained that over time his title changed but his duties remained the same. Basically, he was responsible for all the purchasing for DAA. She continued that when Darrell began as the purchasing agent, the transactions were made through purchase orders and imprest funds. She would review and sign her approval on the purchase orders. Over time, items were purchased utilizing P-cards.

Illery described a P-card as a "credit card."⁴⁵ A purchase order is issued to place money on the card and the amount remaining on the card is depleted as purchases are made. The P-card(s) were used for travel and office supplies. "[B]asically it was for ... smaller purchases." The other individuals in DAA used their cards primarily for travel

⁴³ As stated earlier, Illery testified that, when the investigation began, her title was Director of Operations and Chief of Staff for the DAA. It was subsequently changed to Director of Operations. Illery explained that she was responsible for coordinating the timelines for getting projects completed, responsible for everything related to the budget and purchasing and personnel, Human Resources, as well as technology for the office – meaning computers – and troubleshooting. She supervised five individuals and the office had approximately 70 people in total.

⁴⁴ During his interview, Darrell maintained that he never advised Illery that he was using the DOE UPS account for personal use. As recounted earlier in this report, when he was questioned under oath, he implied that she knew. During an interview in late January, 2007, Illery's supervisor, Bell-Ellwanger told investigators that Illery had informed her that there were issues with Darrell's attendance but had not mentioned any issue concerning UPS charges.

⁴⁵ It actually is a debit card.

related expenses. When she had first heard of the program, Illery spoke to the then “head” of the DAA, Lori Mei, who wanted a card to facilitate traveling, in particular to Albany.⁴⁶ Illery believed that, at first, there was just one card for the office, issued in her name. Over time, more individuals in DAA were issued P-cards. Darrell obtained the forms for people in the office to apply. Illery completed hers and returned it to Darrell for processing. He provided her with a copy of her application but he also maintained copies of all the applications.

Illery was questioned about what had been explained about receiving P-card statements. Illery did not recall “getting a full, you know, explanation of everything and, you know, what we were supposed to do and standards.” Illery continued that, at a later point, there was a standard operating manual. Illery admitted that monthly statements were received. Illery stated that, at the beginning, she looked at her statements but conceded that “I wouldn’t say religiously.” When questioned further, Illery responded “[t]he statements that I looked at and I don’t know if they were ... maybe they were given to me selectively but the ones that I saw, some of them ... at least initially ... they were fine and actually, initially when purchases were made if there was any, you know, anything that seemed out of order I would have gotten a phone call so there was no reason for me to believe that, you know ...” Illery conceded that it would be “fair to say” that as time went on Darrell maintained the statements and, in general, “people really didn’t look at them.” She reported that when purchases were made with a P-card, the receipts were given to Darrell.

Illery had also directed Darrell to maintain a P-card activity sheet. There was such a form and “everything went smoothly and then you sort of like trust him to do what [he] was supposed to do ... and you focus on other things.” Illery reported that Darrell did show some log sheets to her from time to time. Darrell was in charge of all the records and making the purchases. When asked what checks she did on Darrell’s work, Illery answered that she periodically asked to see the logs. She continued that SCI had to understand that “we were extremely busy” and sometimes he would put her off, or would show some logs, or she would observe him completing the logs. In the latter instances, she would instruct him that he was required to maintain the logs on an ongoing basis and he would then “start ... doing it correctly.”

Illery testified that DAA normally would not have any reason to order computer equipment through P-cards and that they would never order iPods or sound systems. In her final interview under oath in August 2008, Illery asserted that DAA did not order

⁴⁶ Mei’s P-card statements were in the name “Dolores Mei.” She testified that she was known by both names. In her interview under oath, Mei maintained that the P-cards were to be used for smaller purchases such as supplies and travel and that it had been explained to her as a way to standardize and facilitate the purchases.

Acer computer products with P-cards or during the relevant period, camcorders, digital cameras, a satellite telephone and hobby metal detectors.⁴⁷

During her second interview under oath, Illery was questioned about a package Darrell sent to Latisha Hodge in Lawrenceville, Georgia.⁴⁸ Illery confirmed that Hodge is her daughter, and explained that Darrell offered to take care of the package which she was intending to bring to the Post Office. She explained that she was busy, and allowed Darrell to send the package because she did not think that he would bring it downstairs to the mail room.

She also explained what steps had been taken in her office to address the issue. First, Darrell no longer worked there. She continued that all the purchasing was now done online and that she refused to have a P-card. She also reported that an expense and monitoring system had been put in place by Financial Operations so there was less opportunity now for a recurrence of Darrell's conduct. She reported that some individuals had P-cards for their travel but she had no involvement in that. Illery said that the individuals would apply for their own cards.

Use of the P-cards

SCI investigators obtained records from JPMorgan Chase, DAA, and the DOE Office of Accounts Payable related to the P-cards issued to DAA and interviewed five of the six individuals in the DAA who had cards issued to them: Illery, Mei, Walcott, Mabel Payne, and Bell-Ellwanger.⁴⁹

Mei reported that Darrell had worked for her office "for the past 10 years or so," that Illery had always been his supervisor, and that it was Illery's practice to "farm out work to Darrell."⁵⁰ Mei stated that although she had a P-card, Mei never saw a P-card statement adding that Illery was "responsible for that area." Mei also said that Darrell had all the information concerning the P-cards and P-card applications as he was DAA's purchasing agent. Illery, as well as Walcott and Payne, confirmed that Darrell was responsible for the P-cards. Payne and Walcott separately reported never seeing a P-card statement. Bell-Ellwanger also said that she never reviewed the statements and that she

⁴⁷ Illery did recall the Scan Center requesting a digital camera "at some point years ago." She did not believe that it was ordered with the P-card and if it was, there would be backup documentation for it. Otherwise, it was an unauthorized purchase.

⁴⁸ Darrell testified that he did not know that name.

⁴⁹ The sixth individual was Joan Flig, head of the DOE Scan Center in Queens. Bell-Ellwanger's and Flig's card statements were reviewed by SCI investigators (and by individuals in DAA) and no unauthorized charges were identified.

⁵⁰ Prior to the start of this investigation, Mei, the Executive Director of DAA, whose title was Senior Instructional Manager, resigned from the DOE in June 2006. Bell-Ellwanger became Executive Director and Senior Instructional Manager thereafter.

would only see the statement if there was a question about a charge.⁵¹ Darrell did not use Bell-Ellwanger's cards for any of the unauthorized purchases. SCI staff reviewed the P-card statements for cards in their names with Mei, Payne, and Walcott. The only unauthorized charges on their cards related to travel at a total cost of \$2,530.25. All the other charges resulting from the misuse of the P-cards were charged to cards issued to Illery. Additionally, while the total money available on most of the cards was under \$8,500, some of Illery's had much higher limits. For example, one of her cards, the one ending 3571, had over \$77,000.00 debited from it between October 1, 2005 and June 23, 2006.

It is also clear that the internal controls for purchasing were not being followed.⁵² In putting together the binder, Illery identified many additional purchases as unauthorized. She explained that if there were no invoices, then she did not know what the charge was for and it was unauthorized.⁵³ For Illery's card ending 3571, more than \$26,000.00 in unauthorized transactions were charged to the DOE. Her card ending 8355 had more than \$30,000.00 incurred in unauthorized charges while her card ending 3735, had over \$5,900.00 in unauthorized charges. Another of Illery's cards, one ending 5182, had more than \$12,000.00 in unauthorized charges placed on it.

Mail Room

Aden Arzu, the supervisor of the mail room at Tweed, was interviewed twice by SCI staff, the second time under oath. During his initial interview, he told investigators that prior to January 26, 2007, the mail room did not keep a record of who dropped off packages for UPS pick-up. Arzu stated that after he spoke with Speisman on January 22, 2007 concerning Darrell, Speisman created a new form, effective January 26, 2007, which lists the office name, unit, date, and room from which a package was dropped off for UPS pick-up. The investigators advised Arzu that the form still did not list the individual who dropped off the package.

When he was interviewed under oath before Darrell's interview, Arzu testified that it was "totally incorrect" and "inappropriate" to use the DOE mail system to send personal items. He also explained that he was not aware of any mechanism for someone

⁵¹ In particular, Bell-Ellwanger recalled that there were hotel and car service charges related to a particular business trip where Illery asked for a written explanation for the cost. Bell-Ellwanger also explained that she would give her receipts to Illery who would sometimes ask her to give them to Darrell.

⁵² See Appendix C for additional information concerning P-cards and the internal control described in the Standard Operating Procedure Manual both at the time of the thefts and currently.

⁵³ Those purchases included additional charges at Washington Computer, and transactions at other businesses including Office Depot, a florist in Florida, and Frank's Market. Among the items purchased from Washington Computer which were not attributed to Darrell were an external zip drive, a license upgrade for 200 users, an acroprint battery, two "Adobe 10 user display write 10", a part for a Canon copier printer, an IBM Thinkpad, and other software license upgrades.

to ship personal items and then reimburse the DOE. Before the shipments by Darrell came to light, individuals would get UPS shipping labels for either two day or next day delivery. Afterwards, each pre-printed label, which includes the DOE account number, would be scanned into the mail room system with the tracking number, name and department.

Conclusions and Recommendations

The DOE has to pay more attention to corruption hazards. Here the thefts started as small purchases. Over time, the thefts became more brazen. They were accomplished because Darrell not only had a naïve supervisor, but she and others to whom P-cards were assigned by and large did not review their statements. Illery trusted Darrell. However, her trust was misplaced and since she did not supervise him, he was able to steal.

Therefore, we once again recommend that the DOE examine the controls currently in place to monitor the use of P-cards and report back to SCI on whether the current standard operating procedures are adequate to prevent employees from stealing large amounts of money over long periods of time.⁵⁴

We also recommend that the DOE examine the controls currently in place in the mail room and report back to SCI on whether the current practices lessen the ability of employees to use the DOE UPS account to send non-DOE business related shipments.

It is also the recommendation of this office that the DOE seek reimbursement from Darrell for the funds wrongly expended. It is further recommended that Darrell be made ineligible to work for the DOE and that this matter be considered should he ever apply for any type of position in the New York City public school system in the future.

Given that E. Darrell flew roundtrip to Modesto, California and Florida on tickets paid for by the DOE, that another unused ticket was purchased in her name, that other airplane tickets were purchased for her family members with DOE P-cards, and that her son and her relatives received numerous packages shipped through the DOE mail room and paid for by the DOE, it is recommended that the DOE evaluate the propriety of her continued employment. It is further recommended that the DOE seek reimbursement from E. Darrell for the airline tickets purchased in her name and related service charges that were paid for by the DOE.

⁵⁴ In February 2008, SCI issued a report detailing how two school secretaries – through misuse of P-cards and another payment instrument called SIPP (Small Imprest Payment Process), as well as per session funds – were able to misappropriate more than \$200,000 from a school in the Bronx. *See* Karen Boucher and Renee Scriven, SCI Case #2005-3284. In November 2008, another report was issued about the misappropriation of more than \$27,500.00 in SIPP funds by a school aide's submission of false and unauthorized expense reimbursement claims. *See* Darla Picozzi and Chante Johnson, SCI Case # 2007-1451

It is also recommended that significant disciplinary action, which could appropriately include termination of her employment, be taken against Regina Illery for her lack of supervision of Darrell which resulted in a large monetary loss to the DOE.⁵⁵

It is also recommended that the DOE remind its employees that it is their obligation to safeguard their P-card information and review the statements they receive. A supervisor should also review P-card transactions.

We note the conduct committed by Darrell and E. Darrell may violate the conflicts of interest provision of the New York City Charter which is administered by the New York City Conflicts of Interest Board.

We are referring our findings to the New York County District Attorney Robert M. Morgenthau for whatever action he deems appropriate.

We are forwarding a copy of this letter to the Office of Legal Services. Should you have any inquiries regarding the above, please contact Special Counsel Ann E. Ryan, the attorney assigned to the case. She can be reached at (212) 510-1493. Please notify Ms. Ryan within 30 days of the receipt of this letter as to what, if any, action has been taken or is contemplated regarding this matter. Thank you for your attention to this matter.

Sincerely,

RICHARD J. CONDON
Special Commissioner
of Investigation for the
New York City School District

By:

Regina A. Loughran
First Deputy Commissioner

RJC:RAL:AER:gm

c: Michael Best, Esq.
Theresa Europe, Esq.

⁵⁵ This is not the first investigation in which SCI made a recommendation concerning Illery. In September 2006, SCI sent a referral letter to Chancellor Klein informing him that SCI had substantiated misconduct at the DOE DAA Scan Center. In that case, SCI recommended that Illery be reminded of the requirement to report wrongdoing to SCI. *See* Misconduct at the Scan Center, SCI Case # 2005-1059.

APPENDIX A

Between September 2004 and January 2007, the UPS records obtained from and spreadsheets prepared by the Bureau of Administrative Services reflect the following shipments to individuals connected to Darrell who did not have any official connection to the DOE at the relevant time:¹

- J. A. Darrell received a total of 47 packages at a total cost of \$647.67. Some of the shipments were letter sized, some were substantially larger including a 40 pound package (August 24, 2005) and a 35 pound package (January 27, 2005). The packages were shipped to Texas in 2004 and early 2005 and to San Diego, California area between April 2005 and July 2006. Then, between September 20 and October 12, 2006, the UPS records reflect that Darrell sent 13 packages to his son in Modesto, California, the weight of which ranged from letter sized to 25 pounds (on September 20, 2006 and October 4, 2006).
- “Dolores Darrell Fiel” of Portsmouth, Ohio 45662 was sent a 22.8 pound package on December 21, 2006 at a cost of \$42.02.² “Master Jesse McGinni” of the same locality and zip code was also sent a package at a cost of \$8.91 in October 2006. Additionally, “Ms. Dolores” of Portsmouth, Ohio 45662 had two 15 pound packages sent to her on April 12, 2005 and April 18, 2005 respectively.³ The total charges of the packages sent to Portsmouth, Ohio were \$94.05.
- Karen Lawrie, Karen Laurie, or Karen L of Georgetown, Guyana was sent 12 packages between December 8 and 22, 2006 at a total cost of \$2,539.51. These packages ranged in weight from eight pounds to 32 pounds.
- Donald Lawrie of Georgetown, Guyana was sent two packages: a 31 pound shipment on August 31, 2006 which cost \$313.37 and a 10 pound package on December 18, 2006 at a cost of \$140.66. The total of these two shipments is \$453.43.
- James Lawrie of Prospect Park, New Jersey was sent a package on December 5, 2005 at a cost of \$7.31.

¹ A review of the spreadsheets and back-up documentation reflected inconsistencies in the spelling of various names and locations for the sender and the recipient. George Speisman of the Bureau of Administrative Services explained to an investigator that the names of the sender and recipient listed on the billing statements reflect the information which was keyed into the UPS system by the driver who had picked up the shipments. He also explained that the numerals on the statements under “weight” reflected the weight of the shipment in pounds and, if the customer had incorrectly estimated the poundage, then an adjustment would be made by UPS.

² The customer had entered the weight as 20 pounds so the initial charge, including Saturday delivery, was \$40.08. There was subsequently a \$1.94 increase in the cost adjustment to reflect the actual weight.

³ The charge for each package was \$21.56.

- Lynette Lawrie or Linette Lawrie of New York, New York was sent 10 shipments between December 1 and 6, 2005 at a cost of \$86.06, including a 30 pound package and a 15 pound package.
- “Kenin Laurie” in Ococee, Florida was sent a package by “C. Jerry Darrell” on January 9, 2007 at a cost of \$22.28.
- Henry Alphonso of Georgetown, Guyana was sent two packages. One was sent on September 8, 2006 at a cost of \$58.06 and one on October 30, 2006 at a cost of \$158.78. The latter package was returned and the accompanying paperwork reflected that Darrell was shipping a DVD player which had a declared value of \$200. The cost of these two shipments was \$216.84.
- Andron Alphonso of Whitestone, New York was sent four packages while Andrain Alphonso was sent one package at a total cost \$75.53.
- Alfro Alphonso of Guyana was sent a package on September 8, 2005 at a cost of \$82.78.
- Robert Carretta of Oakdale, California was sent three three-pound packages on January 5, 2006 at a cost of \$24.72 each. Robert Carretta of Oakdale, California was sent a letter size package on January 2, 2007 at a cost of \$10.57. The cost of the four packages was \$84.73. All four shipments were sent by “C. Jerry Darrell.”
- Claude Manbodh was sent a shipment in Orlando, Florida in October 2004, at an Extended Stay America located in Frederick, Maryland in September 2005, and in Miami, Florida in July 2006 at a total cost of \$69.33.
- “Lahita M” of Orlando was sent a shipment on September 14, 2006 at a cost of \$9.41.
- Eleanor Gouveia was sent a 14 pound package in care of Angela Gouveia of Nottingham, London, on December 22, 2006 at a cost of \$88.48. This package was returned and the accompanying paperwork reflected that Darrell identified the shipment as consisting of “vitamins, aelo vera, towels, sheets, candy and cake” with a declared value of \$25.00.⁴
- Various other packages were sent to A. Barakat, Cecil Darrell, Cecil H. Darrell, Cecil H. Jarrell, Cecil A. Darrell at a cost of at least \$259.22.

⁴ According to the documents Speisman’s office provided, the shipment to Great Britain was returned. The addressee was Eleanor Gouveia, c/o Angela Gouveia, at a particular address, Nottingham, London, S.E. 9. The UPS billing records indicate that the package was sent to Nottingham.

Barakat was the name listed on the building's directory for that apartment and whom Darrell identified as a family member.⁵ At least two of the packages which were shipped on December 19, 2006 to Cecil Darrell weighed 25 pounds each.

- There were additional shipments to three other individuals: Latisha Hodge; an employee of Travel Hut; and Chandrabath Baldeo which were sent by Darrell at a total cost of \$50.84.⁶

The spreadsheets reflected that the sender of the international packages was "Cecil Darrell." In addition to the variations of his name that can be explained as the result of the driver inputting the data, there are other variations which could be construed as an attempt to mislead. Of 33 domestic shipments beginning on September 20, 2006 through January 9, 2007, on only three of those shipments is the sender identified as "Cecil Darrell." In the other incidents, the sender was identified as "Cecil Hubert," "C. Hubert," "C Jerry Darrell," "C. Barry," or the "NYC Dept. of Education" and the sender of an additional one shipment was reflected as "unreadable [sic] NYC Dept of Educatin [sic]".⁷

⁵ During the March interview, Darrell identified Barakat as the leaseholder of the apartment while at the June 2008 interview, he identified him as the owner of the apartment.

⁶ Hodge is Illery's daughter. On the spreadsheet, the cost of the shipment to Hodge was reflected as \$7.13. However, on the back-up documentation, that figure is the amount billed for the following shipment. The cost of Hodge's package was \$31.03.

⁷ During a June 2008 interview under oath, Darrell testified that his middle name was "Hubert" and that some people also called him "Jerry."

APPENDIX B

Between February 2005 and January 2007 the following travel related expenses were booked for Darrell, his wife, members of his wife's family, and a friend:¹

- P-card ending 2953 issued to Dolores Mei was used in February 2005 to purchase roundtrip airfare from Port of Spain, Trinidad to Kennedy Airport in New York ("JFK") for Sha Lawrie ("S. Lawrie").² The tickets were for a February 3, 2005 flight to JFK with a return on February 17, 2005. The amount charged to the P-card was \$390.25.³ The travel packet lists the contact person as "Cecil Darrell" and his home address. Also listed was an address in Port of Spain and a telephone number with the initials "POS" after the number.⁴ The telephone number listed as making the reservation and payment was Darrell's DOE work number. A copy of the "Prepaid Ticket Advice" in the travel packet, reflected that the purchaser's name was Dolores Mei at Darrell's home address and work telephone number.
- P-card ending 3571 issued to Illery was used in May 2005 to purchase a roundtrip ticket for Eleanor Gouveia on BWIA from Georgetown, Guyana to JFK.⁵ The tickets were dated May 6, 2005. The amount charged was \$399.60.
- DOE P-cards were used to purchase tickets for Ashley Lawrie ("A. Lawrie") and Karen Lawrie ("K. Lawrie") to travel between Georgetown, Guyana and JFK in New York as well as between JFK and London. Karen Lawrie is E. Darrell's brother's daughter and A. Lawrie is K. Lawrie's daughter.⁶ Their original flight from Georgetown was on July 1, 2006 on North American Airlines. They were scheduled to return to Georgetown on August 22, 2006. The total charge for this travel was \$1,890.00 and was charged to the P-card ending 8079 which was issued to

¹ The P-card statements reflect the date of the transaction or purchase. The outside of the travel packets for the most part reflect the date of the first flight. Some of the travel packets contain other documents which reflect when the tickets were purchased.

² The P-card statement reflected that the transaction date was February 1, 2005. Interestingly, there is also an unauthorized UPS charge for that date for a shipment sent to an individual and company in Howard Beach. The recipient's name and company were variations of the names of the travel agency and employee who made the arrangements. During their respective interviews with SCI staff, neither Darrell nor E. Darrell was able to identify who Sha Lawrie was. Darrell opined that she was a Lawrie cousin.

³ This amount included a \$25.00 service fee.

⁴ An employee of the travel agency explained that POS was Port of Spain and that, because the ticket was a pre-paid ticket, the airline would call the traveler's telephone number when the ticket was ready to be picked up.

⁵ Air Jamaica was the vendor that posted the transaction. Travel Hut was also involved in the transaction. Travel Hut did not provide a travel packet for this trip.

⁶ During her interview, E. Darrell testified that she did not know if K. Lawrie visited New York that summer.

Dereck Walcott.⁷ The travel packet lists the contact person as “Cecil Darryl” at Darrell’s DOE telephone number. On the airline confirmation in the travel packet, K. Lawrie’s address was listed as “NYCDOE, 65 Court Street, Brooklyn, NY 11201, United States.” Also in the travel packet was a yellow Post-it which contained handwriting including the following notations which appeared to be further travel information as well as Darrell’s DOE issued cell phone number:⁸

GEO JFK – 1st Jul
JFK LHR – 10 Jul⁹
LHR JFK 21 Jul
JFK GEO 21 Aug

Another sheet of paper which contained an itinerary (including the Air India flights discussed in the next bullet point) also contained handwritten notations including Mabel Payne’s last name, her P-card number and expiration date, Dereck Walcott’s name and P-card number, security code and expiration date, and Dolores Mei’s name and the address 65 Court Street, Brooklyn, NY 11201.¹⁰

- On June 26, 2006, tickets were purchased from A. Lawrie and K. Lawrie to fly from JFK to Heathrow Airport in London for July 10, 2006 and return on July 21, 2006 on Air India. The total fare including taxes and service fee was \$1,626.00.¹¹ Those tickets were voided that day, incurring \$250.00 in charges on the P-card ending 8742 issued to Payne. Again the contact person was Darrell at his DOE telephone number and work address.¹² This travel packet was marked “VOID.”
- Thereafter, tickets on Virgin Atlantic were purchased for A. Lawrie and K. Lawrie to travel to London. They were scheduled to depart from JFK on August 17, 2006 and return on August 24, 2006. DOE P-card ending 3735 issued to Illery was charged \$2,346.60 for this travel. Darrell was again listed as the contact person at his DOE cell phone number and a NYCBOE e-mail address.

⁷ Each roundtrip ticket was \$887.00 and there was a \$116.00 service charge.

⁸ In March 2007, Illery provided investigators with, *inter alia*, Darrell’s DOE issued cell phone number.

⁹ LHR is the airport code for London Heathrow.

¹⁰ Other writing reflected the words “sister cuisine, 124” and “Madison Ave and 5th.” Several individuals, including Darrell, reported that E. Darrell’s sister had a restaurant called “Sister’s Cuisine” located on 124th Street in Manhattan.

¹¹ Also in the travel packet was a copy of a check dated June 26, 2006 from Travel Hut to “Up & Away” for \$1,468.00 for the tickets. There were also two unsigned letters from “[the employee]” to “Up and Away Travel” concerning a \$60.00 penalty. The undated copy refers to the cancellation of the tickets. The letter dated June 27, 2006 following date, refers to the penalty for the Lawrie passengers.

¹² An additional telephone number was also listed.

- A. Lawrie and K. Lawrie had been scheduled to return to Guyana from New York on August 22, 2006.¹³ That return was changed to August 31, 2006, which incurred an additional \$231.00 in charges on Illery's P-card ending 3735. Darrell's e-mail address at the time and his work telephone number was listed as the contact person. A copy of a three page fax from a DOE facsimile machine to an employee of the travel agency from Darrell was dated August 18, 2006 and requested that she change the return from August 22 to August 30th. The flight was actually changed to the August 31st.
- Darrell and his wife also traveled on tickets purchased with a DOE P-card. Two roundtrip tickets, one for E. Darrell and one for Darrell, were purchased on November 6, 2006 for travel through San Francisco to Modesto, California.¹⁴ E. Darrell's ticket was for November 13, 2006 while Darrell's was for travel on November 16, 2006. They returned together, through Los Angeles on an overnight flight on November 19, 2006.¹⁵ These tickets were charged to Illery's P-card ending 8355. Illery was also written as "Regina Hilary" in purple ink on the travel packet for Darrell's flights. The total cost of each roundtrip ticket was \$713.27. Darrell's work number and e-mail address @schools.nyc.gov was listed on both packets.
- Tickets were purchased on Illery's card ending 8355 for seats for both Darrell and E. Darrell for a flight during the afternoon of Friday, December 22, 2006 on Continental and on the morning of December 23, 2006 on JetBlue. Both sets of tickets were for travel from a NYC airport to Orlando. The JetBlue tickets were booked on December 19, 2006. The Continental tickets were purchased on December 20th. Although they could not have used both sets of tickets, as of October 5, 2007, no credit had been posted to Illery's P-card. They returned on December 27, 2006 on JetBlue. There were JetBlue charges of \$335.60 (for the return flight) and \$818.60 (for the December 23, 2006 flight), two Continental charges of \$309.30, and a \$200 travel agency fee.¹⁶ An employee of the travel

¹³ On June 26, 2006, North American Airlines had issued a particular confirmation number in connection with the tickets purchased for the July 1st flight and August 22nd return flight, which was included in the travel packet for that trip. There is a different travel packet in regards to their return flight which, under the same confirmation number, indicated that K. Lawrie and A. Lawrie's itinerary involved flying from Georgetown to JFK on August 8th and returning on August 22, 2006. On this second itinerary, Karen Lawrie's address was listed as "NYCDOE," and the street address in "Q/town" where the UPS shipments to Karen Lawrie were sent.

¹⁴ J. A. Darrell's son was born in November 2006. J. A. Darrell testified that both his parents visited him in Modesto and San Diego and that his mother visited a couple of other times without his father. E. Darrell testified that her grandson was born in November 2006.

¹⁵ They arrived at JFK on November 20, 2006.

¹⁶ The travel packet lists no contact person, however the telephone number listed making the reservation and credit card payment is Cecil Darrell's cell phone.

agency reported that they changed their flight.¹⁷ The travel packet listed no contact person, however the telephone number listed in the reservation and credit card payment information section was Darrell's DOE cell phone.

- P-card ending 8355 which was issued to Illery was used to purchase tickets for Lolita Manbodh to travel to New York from Orlando, Florida on January 19, 2007 and return on January 22, 2007 on JetBlue. The ticket cost \$222.30 and there was an \$81.00 service fee payment to Ameristar Travel. The JetBlue online booking confirmation in the file reflected Regina Illery at 65 Court Street, Room 1502, Brooklyn, NY 11201 United States as the contact information. No contact information was written on the outside of the travel packet. There was also a yellow Post-it which contained Illery's credit card number, security code and expiration date as well as the 65 Court Street address and 52 Chambers St, Room 310, New York, New York, Darrell's work address at Tweed. The telephone number listed for this reservation was Darrell's DOE cell number. The ticket cost \$222.30 and there was an \$81.00 service fee payment to Ameristar Travel.¹⁸ Darrell identified Lolita Manbodh as the sister of his friend Claude Manbodh both of whom resided in Orlando, Florida. E. Darrell, during her interview with SCI staff, identified Manbodh as her sister's daughter.

¹⁷ A representative of JetBlue informed the assigned investigator that the tickets were not used and were not exchanged.

¹⁸ The owner of Travel Hut explained that he used Ameristar Travel for ticketing purposes. The owner of Ameristar reported that Travel Hut worked out of his offices from approximately October 2006 to May 12, 2007. The owner of Ameristar provided the travel packet concerning Manbodh's trip to investigators. The other travel packets were provided by Travel Hut. An employee of Travel Hut explained that the ticket numbers listed on the travel packets for the Darrell's trips to Modesto, and the confirmations were also generated by Ameristar.

APPENDIX C

Betty Dickerson, Director of the DOE's Accounts Payable, was interviewed twice, once under oath. She also provided information during the production of requested records. Dickerson explained that the P-card program had been in place since approximately 2001, and that it was one of the areas for which she was responsible.¹ During an interview, she provided a copy of the section of Standard Operating Procedure Manual ("SOP") which explained the use of P-cards. During one conversation, Dickerson reported that, in October 2007, DOE had 2,449 active P-cards.

As explained in the SOP, the DOE adopted P-cards to eliminate out-of-pocket expenses for staff, to lower transaction costs and to speed payments to vendors.² The P-card essentially acts like a debit card. A certain amount of money is encumbered for a certain budgetary object code and made available on the card which is issued to a cardholder. The amount on the card could be adjusted after the card was issued. In general, the cards are deactivated on June 30th, at the end of the fiscal year.³ Another section of the SOP manual explains that "generally" sites should use the P-cards for small item payment process ("SIPP") type transactions of \$250 or less within the bidding restrictions within the object code of the card. At the time of the thefts, the maximum amount was \$2,500 per transaction.⁴ The older SOP section also stated that the card's issuer will send monthly itemized expense reports to the cardholder and central/regional business office statement.⁵ Dickerson reported that there was no one in her office who received the P-card statements and only the cardholder received the statements. There were also internal controls set out in the manual, including that logs of the P-card usage should be maintained and reconciled when the statements were received. In the section concerning "payment controls," the SOP noted that for audit purposes, receipts and signed charge slips must be attached to the to the site based record or log.⁶ Applications are currently made online; when the program was initially used by DAA, the applicants submitted paper applications to Darrell.

¹ The actual supervisor of the program is Charlene Dash.

² See Standard Operating Procedures Manual ("SOP"), OTPS chapter, Section 4, Introduction. The old version of the SOP which Betty Dickerson provided during an interview with SCI staff is available at <http://dfoapps.nycenet.edu/SOP/Default.aspx?c=1115> (last checked February 25, 2009). The current version of OTPS Purchases, which was finalized on September 15, 2008, is available at <http://dfoapps.nycenet.edu/SOP/Default.aspx?c=1185> (last checked February 25, 2009).

³ If the card had been given a longer activation period, a renewal or new card was issued for the new fiscal year.

⁴ SOP, OTPS Chapter Section 4.4.1. Subsequently, the maximum transaction was raised to \$5,000.00.

⁵ SOP, OTPS Chapter Section 4.1. This provision was deleted from the current version of the SOP. Now, that SOP mandates that, on a monthly basis, the cardholder must certify all purchases via FAMIS and provides the link to do so.

⁶ SOP, OTPS Chapter Section 4.3.2. This note was deleted from the current version of the SOP. Currently, what must be compared to the log is the "P-card expense reporting screen" when it is "populated with monthly transactions." Section 4.3.2 (c). Bell-Ellwanger also explained that now a cardholder would have to maintain an electronic log of his or her purchases, and that the P-card statements would come to the cardholder who would have to match the transactions on the statements to the log.