

December 1, 2009

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

Re: Donnett Davis
SCI Case #2008-4065

Dear Chancellor Klein:

An investigation conducted by this office has substantiated that Donnett Davis, the parent coordinator assigned to the ACORN High School for Social Justice in Brooklyn, used Department of Education (“DOE”) telephone billing records to defraud the Verizon telephone company (“Verizon”) of more than \$500,000 in merchandise and other valuables.¹ Verizon records showed that Davis began this fraudulent use of telephone billing in 2004, when she was working for the Association of Community Organizations for Reform Now (“ACORN”).

This investigation began in October 2008, when Thomas Kambouras, the Director of Network Services for the DOE Division of Instructional & Informational Technology, contacted the Office of the Special Commissioner of Investigation (“SCI”) and reported that Verizon Client Account Manager Donald Olesko had alleged that Davis manipulated DOE telephone billing records to obtain Verizon rewards.

SCI investigators met with Olesko who explained that Verizon’s Business Link Rewards (“Rewards”) database was being “refreshed” by the company’s computer

¹ Donnett Davis has resigned from the DOE. She is not eligible for employment with the DOE.

technical department when Verizon staff discovered a large account with approximately 9,000 telephone numbers bearing DOE billing codes.² Olesko said that ACORN was the company name associated with the Rewards program bearing the DOE billing codes and the contact name on the account was Donnett Davis. Olesko added that the total Rewards redemption received by Davis was valued at more than \$500,000.³ Olesko also advised that the DOE was prohibited from participating in the Rewards program because the DOE was under a contract billing system.

SCI investigators spoke with Verizon Job Share Team Coordinator Mary Pociask who said that Davis had been receiving Rewards redemptions from an account that was opened under ACORN and based on billing of service to DOE telephone numbers. Pociask explained that Verizon was in the process of purging inactive Rewards members when it discovered that Davis had received rewards based on the usage records of approximately 9,000 DOE telephone numbers. Pociask added that a review of Verizon telephone log records revealed that Davis placed the calls requesting the redemptions, but different names were listed as the recipients of the Rewards merchandise.⁴

SCI investigators obtained information for the e-mail contact address used by Davis for the Verizon Rewards program and she was listed as the subscriber of record. Verizon provided SCI investigators with a 13 page list of rewards redeemed by Davis for the period from February 2004 through the beginning of August 2008. SCI investigators obtained UPS tracking information which showed that a number of items from the Rewards program were sent to the home address of Davis, but were signed for by a party named Sanchez.

SCI investigators interviewed Isolina Sanchez who lived at the same Brooklyn address as Davis, a three family residence in Brooklyn. Sanchez said that her family and the Davis family moved into the Brooklyn building at about the same time in November 2004. Sanchez added that, sometime after they first met, Davis asked whether Sanchez would accept packages for Davis when she was not home. Sanchez agreed to do so.

Sanchez explained that she signed for packages delivered to Davis by both UPS and DHL. She continued that the packages came in all shapes and sizes. Sanchez said that some of the packages were so large and heavy that the delivery man would carry the package to Davis's door and leave it there.

² Rewards was a program for small business customers of Verizon. Subscribers were assigned one Bonus Credit for every dollar spent with Verizon on qualified charges. The Bonus Credits were redeemable in the form of dining, entertainment, travel, shopping, and other gift certificates.

³ On individual dates, Davis received rewards valued at as much as \$10,000.

⁴ Verizon provided SCI with the log records.

In an interview with investigators from this office, Donnett Davis reported that her previous employment was with ACORN, first as a bookkeeper and then as a field organizer working on education campaigns.⁵ Davis said that, sometime around 2004 or 2005, while she was working at the financial desk at the ACORN office, she received a letter from Verizon. Davis recalled that the letter indicated that ACORN would qualify for approximately 50,000 initial points upon enrolling in the Rewards program. Davis added that ACORN had 10 to 20 telephone lines at the time, many of them in DOE facilities.⁶ According to Davis, she shared the Rewards gifts with fellow staff members and with people who would sign up as ACORN members. Davis would not provide names, claiming that she did not want to implicate any of the staff, because it was her idea to enroll in the Verizon Rewards program. Davis then announced that she did not want to answer any more questions and asked to consult with counsel.

SCI investigators interviewed Harold Miller, the Head Organizer of the Albany Chapter of ACORN, with Arthur Schwartz, ACORN's attorney. Miller said that he supervised Davis from early 2005 to approximately October 2007, and that Davis was an organizer of parents regarding school issues during that time. According to Miller, organizers were always attempting to sign up members for the ACORN organization. Both Miller and Schwartz asserted that they did not know about Davis receiving deliveries from the Verizon Rewards program and did not know whether the ACORN organization had given consent to enter into such an agreement with Verizon.

SCI investigators spoke with ACORN Administrative Assistant Kathleen Hamill in the presence of her attorney. Hamill said that she was a receptionist at two Brooklyn ACORN offices where Davis worked. Hamill acknowledged that she received parcels for Davis at both locations. Hamill estimated that she received 40 to 50 packages and envelopes for Davis. Hamill explained that she would place the packages and envelopes under Davis's desk. Hamill added that Davis offered her gift certificates, LL Bean gift cards, and baseball tickets for Yankees and Mets games during the time when Davis worked for ACORN. Hamill recalled that Davis said the gifts were free rewards from Verizon.

Through her attorney, Davis declined to speak further with investigators from this office, citing the fact that, as of August 9, 2009, Davis was no longer employed by the City of New York.⁷

⁵ According to DOE records, Davis began working for the DOE at the ACORN High School for Social Justice in the summer of 2008.

⁶ According to Mariana Davenport, the Director of the ACORN schools office, there were three ACORN schools in partnership with the DOE: ACORN High School for Social Justice, ACORN Community High School, and Bread and Roses High School.

⁷ Davis's resignation letter was dated August 5, 2009.

Pursuant to a subpoena requesting Davis's personnel records, Attorney Arthur Schwartz, representing ACORN, responded that the Louisiana Attorney General had seized all of the computer based records and computers located in ACORN's principal administrative office in New Orleans and, therefore, ACORN was unable to comply with the SCI subpoena.

It is the recommendation of this office that Donnett Davis continue to be ineligible for employment with the DOE and that this matter be considered should she seek any position with the New York City school system, with one of its vendors, or in one of its facilities in the future.

We are referring our findings to United States Attorney Benton J. Campbell of the Eastern District of New York and Kings County District Attorney Charles J. Hynes for whatever action they deem appropriate.

We are forwarding a copy of this letter and of our report concerning this investigation to the Office of Legal Services. Should you have any inquiries regarding the above, please contact First Deputy Commissioner Regina Loughran, the attorney assigned to the case. She can be reached at (212) 510-1426. Please notify First Deputy Commissioner Loughran within 30 days of receipt of this letter of what, if any, action has been taken or is contemplated regarding Donnett Davis. 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:gm

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