

February 28, 2007

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

Re: Wendy Carlton
SCI Case #2006-0525

Dear Chancellor Klein:

An investigation conducted by this office has substantiated that Wendy Carlton, a school secretary assigned to Queens High School for the Sciences at York College ("QHSS"), stole more than \$25,000.00 in Department of Education ("DOE") funds through a scheme by which she received reimbursement for items she never purchased.¹ The investigation revealed that from fiscal year 2004 through 2006, Carlton falsified numerous imprest fund expenditure forms which she submitted in support of her fraudulent claims.² Moreover, Carlton used the school's Small Item Payment Process ("SIPP") account to generate 124 checks payable to herself, of which 106 checks totaling \$25,933.60, were endorsed by Carlton and deposited into her personal bank account.³

¹ A previous investigation conducted by this office in 2005, SCI Case #2005-1053, substantiated that Carlton used the school's JP Morgan Chase procurement cards to make unauthorized personal purchases totaling \$1,406.52. Carlton was not reassigned at any point during the investigation even after our findings were published. On February 10, 2006, as a result of the new allegations of fraud committed by Carlton, she was reassigned to the Regional Operations Center in Region 3.

² The fiscal year begins on July 1 and ends on June 30.

³ Investigators discovered that a total of 124 checks were made payable to Carlton, however, investigators could retrieve copies of only 106 checks that Carlton endorsed and deposited into her bank account. There were 29 checks in fiscal year 2004 which amounted to \$6,896.60; 47 checks in fiscal year 2005 for a total of \$11,567; and 30 checks in fiscal year 2006 for a total amount of \$7,470. It was determined that one check dated February 7, 2006 in the amount of \$250.00 was never cashed by Carlton.

This investigation began in February 2006, when Principal Brian Jetter contacted the Office of the Special Commissioner of Investigation for the New York City School District (“SCI”) and reported allegations of fraud committed by Carlton.⁴ Jetter explained that QHSS had opened in 2001, that Carlton had been the secretary at the school since its opening, and that she had been solely responsible for making all of the school’s orders and purchases. Jetter further stated that on February 10, 2006, Greg Rio, who was the Assistant Principal of Organization at QHSS, had reviewed the school’s SIPP account for the 2006 fiscal year and had discovered that at least 29 checks totaling over \$7,000.00 had been issued to Carlton.⁵

Investigators met with Jetter who revealed that in February 2006, he questioned Carlton about the numerous checks made payable to her and she responded, “let me get the receipts for the purchases.” Jetter informed investigators that Carlton gave him several receipts relating to SIPP purchases but that she did not give him anything to explain why a total of 31 checks were issued to her in fiscal year 2006. Jetter continued that he contacted Region 3 Local Instructional Superintendent (“LIS”) Gerard Beirne who instructed him to contact SCI about the matter. Jetter added that Carlton was immediately reassigned to the Regional Office.

Jetter provided SCI investigators with a printout of the school’s SIPP account for the 2006 fiscal year which documented that Carlton was listed as a vendor 31 times and that 31 checks were issued to Carlton using various forms of her name.⁶ A review of the report revealed that the first check issued to Carlton was posted on August 29, 2005 and the last check issued to her, which was not cashed, was posted on February 7, 2006. Moreover, all the checks that Carlton received were for the amount of \$250.00 with the exception of one check that was posted on January 18, 2006 for the amount of \$220.00. Jetter told investigators that he never used his SIPP access code to enter the system to generate a SIPP check but instead he gave Carlton his access code password. According to Jetter, Carlton did all of the SIPP ordering and also generated the SIPP checks to the vendors. Jetter maintained that he and Carlton were the only two people who had the SIPP access code. Jetter added that he did not authorize Carlton to make out any checks to herself.

⁴ In August 2006, Jetter retired.

⁵ Jetter told investigators that Rio was formerly a Dean at the school. In an interview with investigators, Rio stated that after he discovered that numerous SIPP checks had been issued in Carlton’s name, he did not confront her about the checks but instead he informed Jetter about the matter. Although Rio at first noticed that there were 29 checks made payable to Carlton, a careful review of the SIPP expenditure report for fiscal year 2006 revealed that there were a total of 31 checks that were issued to Carlton.

⁶ According to the expenditure report, Wendy Carlton was listed as a vendor 14 times; Wendy Harris was listed as a vendor 9 times; Wendy Carlton-Harris was listed as a vendor 5 times; and WJC Harris, W. Harris, and W. Carlton were each listed once as a vendor name on the SIPP report. Records obtained by investigators revealed that Carlton also used Harris as her surname.

In reviewing the SIPP expenditure report for 2006, Jetter noted that several of the purchase orders which Carlton submitted indicated that she purchased books, dictionaries, and supplies for the school. According to Jetter, however, those items typically were purchased from contracted vendors. Another purchase order was for cleaning supplies that were purportedly ordered for the classroom. Jetter informed investigators that the custodian ordered all the cleaning supplies. Jetter continued that several purchase orders which listed "food and paper goods for staff functions" as the justification for the purchases were questionable as well. Each order was for the amount of \$250.00. Jetter told investigators that the breakfast items which were ordered for staff functions were much cheaper than \$250.00 per order. Additionally, one purchase order reflected that \$250.00 was spent for picture frames. Jetter explained to investigators that picture frames typically were purchased from Staples for student's certificates and the frames cost a total of \$50.00.⁷

Jetter further stated that Carlton maintained a folder at the school that contained the purchase orders and related documents. According to Jetter, when he asked Carlton for the corresponding purchase orders and receipts to justify the numerous SIPP checks that were issued to her, Carlton was unable to provide him with any of the documents. Moreover, there were no vendor order receipts on file bearing Carlton's name. Jetter informed investigators that he would provide them with the vendor order file that was maintained by Carlton.⁸

Investigators met with Region 3 Procurement Officer Maureen Conti who stated that on February 10, 2006, she received a telephone call from Jetter who told her that Carlton was on her way over to the regional office to speak with Conti regarding SIPP purchases. Conti continued that shortly thereafter Carlton came into her office and stated that she needed help. Conti contacted Operations Supervisor Dawn Chasin and asked her to come to her office to hear what Carlton had to say.

Conti told investigators that she, Chasin, and Region 3 Network Specialist Ulker Osman, were all present in the room when Carlton admitted that she did not have receipts

⁷ Jetter also questioned a purchase order in the amount of \$250.00 that Carlton submitted seeking reimbursement for brochures for the school fair. Jetter recalled that on one occasion during the beginning of the school year in 2005, the school participated in a high school fair on a Saturday and the school ran out of brochures. Jetter stated that the school building was closed so he asked Carlton to make duplicate brochures at Staples. Jetter stated that he did not know what method of payment Carlton used to pay for the brochures, however, the school had an account with Staples and often ordered supplies from them.

Additionally, Jetter noted that Carlton had use of the school's procurement card for school purchases so there would be no reason for her to pay for the items herself and submit a SIPP order for reimbursement.

⁸ On March 23, 2006, Jetter provided investigators with the school's 2005 and 2006 SIPP file maintained by Carlton for fiscal year 2006. The folder contained approximately 110 purchase orders and attached to each order was a vendor's invoice, receipt, and a copy of the check that was issued to the vendor from the DOE. There were no SIPP purchase orders or any other documents inside the folder to justify the 31 DOE checks that were issued to Carlton during the 2006 fiscal year.

for some of the SIPP purchases and that she had “screwed up.” Conti recalled that Carlton seemed “upset and nervous.” Conti further stated that Carlton said that she would “pay the money back.” Conti disclosed that they did not pursue the matter with Carlton and instead, Chasin escorted Carlton to the office of the Human Resource Administrator, Lorraine Haynes.

In an interview with investigators, Osman stated that she had been the Region 3 Network Specialist for three years and that she worked in the same room with Conti. Osman explained that the network team at Region 3 provided training sessions to school secretaries 5 times a year and that the procedures regarding SIPP purchases were covered at the training sessions. Osman told investigators that on February 10, 2006, she was present in the room with Chasin, Conti, and Carlton when Carlton revealed that Jetter wanted the receipts for the SIPP purchases. Osman described Carlton as “stressed” and recalled that Carlton stated that she only had receipts for \$1,000.00 of the purchases. Osman further recounted that Carlton stated that she did not think that she needed the receipts and that she would “pay the money back.” Osman added that Chasin then told Carlton to go see Haynes.

Investigators met with Chasin regarding the SIPP account at QHSS. Chasin told investigators that she had been the Operations Supervisor since December 2003. Chasin further stated that Rio, who was the newly appointed Assistant Principal at QHSS, was the person who initially discovered that Carlton was paid as a vendor on numerous occasions from the SIPP funds. During the interview, Chasin provided investigators with copies of the 31 corresponding SIPP purchase orders submitted by Carlton along with copies of the checks she endorsed and deposited into her personal bank account.⁹ Additionally, Chasin provided SCI investigators with the SIPP expenditure reports for fiscal years 2003, 2004, and 2005.

Chasin explained that the person who generated a vendor’s bill should not be the same person who approved the bill and that different access codes were required. Chasin stated that whenever Carlton produced a vendor’s bill, it was Jetter’s responsibility to review and approve the bill. Chasin revealed to investigators that training sessions for school secretaries and the procedures regarding SIPP purchases were conducted 5 times a year and a review of the attendance sheets from 2003 through 2006 revealed that Carlton attended several training sessions.¹⁰ Chasin further stated that Jetter was a graduate of

⁹ In addition to the variations of Carlton’s name that she listed on the SIPP forms she submitted, investigators discovered that Carlton also varied the addresses where she wanted her checks mailed. Carlton had listed her home address on 16 of the imprest forms and on the remaining 14, she listed the school’s address.

¹⁰ The attendance sheets for the 2003-2004 school year revealed that Carlton attended a training session on November 4, 2003. The attendance sheets for the 2004-2005 school year indicated that Carlton attended a training session on November 2, 2004, December 9, 2004, and April 12, 2005. The attendance sheets for the 2005-2006 school year noted that Carlton attended a training session on October 20, 2005, December 12, 2005, and June 22, 2006.

the Leadership Academy and that the procedures and regulations regarding SIPP purchases were explained to the prospective principals from the Leadership Academy.

Chasin provided investigators with additional relevant information. According to Chasin, on February 10, 2006, Carlton came to her office and stated that Jetter was inquiring about SIPP purchases and she did not have the receipts for the purchases. Chasin recalled that Carlton said that she would “pay the money back.” Chasin informed investigators that she did not discuss the matter any further with Carlton and that Carlton left the office to see Haynes.¹¹ Chasin added that Conti and Osman were present in the room and heard Carlton state that she would “pay the money back.”

In a subsequent interview with Jetter, investigators asked him to review the SIPP expenditure reports for the 2004 and 2005 fiscal years.¹² The SIPP report for fiscal year 2004 revealed that Carlton was listed as a vendor 45 times with payments totaling \$10,306.02.¹³ The report for fiscal year 2005 reflected that Carlton was listed as a vendor 59 times with payments amounting to \$12,289.00.¹⁴ On the “vendor name” portion of both reports, Carlton alternated between using the name “Wendy Carlton” and “Wendy Harris” and occasionally there were variations of both names.¹⁵ In the “transaction description” section of the reports, Carlton listed various items such as stamps, supplies, and food as the justification for her purported purchases. There were numerous entries, however, with no description of the transaction except for a series of numbers.¹⁶ After reviewing both SIPP reports, Jetter stated that he did not authorize any of the orders and noted that it was the first time he had ever seen the orders. Jetter informed investigators that there was a procedure in place for staff members to be reimbursed for personal funds spent on school items. Jetter explained that the staff member must submit a

¹¹ Chasin told investigators that Carlton was reassigned to the Regional office and Haynes gave Carlton her reassignment letter.

¹² Investigators also presented Jetter with the SIPP report for fiscal year 2003 which indicated that Carlton was paid as a vendor 23 times and received \$3,518.04. Jetter told investigators that since the school did not obtain a procurement card until October 2003, it was “highly probable” that Carlton purchased the items listed in the 2003 fiscal year expenditure report. Fiscal year 2003 was from July 1, 2002 until June 30, 2003.

¹³ Investigators spoke with Jetter who stated that of the 45 checks issued to Carlton, any purchases prior to October 2003, which was when the school obtained a procurement card, were “probably legitimate purchases.” As a result, 11 checks which amounted to a total of \$2,187.42 were not factored into the investigator’s determination of the amount of money that Carlton stole. Moreover, SCI investigators were able to retrieve copies of only 29 checks that Carlton endorsed and deposited into her bank account which amounted to \$6,896.60. As a result, investigators documented the \$6,896.60 as the amount of money Carlton received instead of the total amount \$10,306.02 which was listed on the 2004 fiscal report as being paid to Carlton.

¹⁴ Of the 59 checks made payable to Carlton, investigators retrieved copies of 47 checks that Carlton had endorsed and deposited into her bank account which amounted to a total of \$11,567.00.

¹⁵ Carlton also used W. Harris, W. Carlton, Wendy Carlto, Wendy Carlton-Harris, and even once she just used Harris.

¹⁶ Investigators spoke with Chasin from Region 3 who stated that the numbers “could be a reference for an external account, an invoice number, or they could be arbitrary.”

reimbursement form along with receipts to the principal for approval. Jetter reported that Carlton never submitted any reimbursement forms nor did she ever inform him that she had spent her own money to purchase items for the school. Jetter further stated that there would not have been a need for Carlton to use personal funds to purchase school items because Carlton had in her possession the school's procurement card. Jetter added that Carlton often used the procurement card to make miscellaneous and small item purchases for the school.

Additionally, investigators discovered that in fiscal year 2004, Carlton's husband, Lionel Harris, was listed as a vendor 4 times and was issued 4 checks in June 2004 in the amount of \$250.00 for a total of \$1,000.00. Similarly, in fiscal year 2005, Harris was listed as a vendor on 4 occasions and was issued 3 checks in September 2004 in the amount of \$250.00 and 1 check in March 2005 for the amount of \$111.00. In an interview with investigators, Harris maintained that he worked for QHSS and that he was paid for his services. According to Harris, several years ago, he helped Jetter move from the trailers the school was temporarily "housed in" to their new location. Harris explained that Carlton, his wife, contacted him at home and informed him that Jetter asked for his assistance.

Harris explained to investigators that he helped supervise the move and that it was his job to ensure that the boxes were labeled properly and were delivered to their correct location. Harris claimed that he worked in excess of 8 hours each day, however, he could not recall how many days he worked. Harris also could not recall how much money he was paid per hour, who kept track of his hours, and how much money he was paid in total.

According to Harris, the 4 checks he received in June 2004 and the 3 checks he received in September 2004, all in the amount of \$250.00, were payment for assisting Jetter with the move.¹⁷ With respect to the check that he received in March 2005 in the amount of \$111.00, Harris stated that he believed it was reimbursement for meals. Harris explained that he was a chaperone for a weekend trip to Florida with students from QHSS.¹⁸

Through her attorney, Wendy Carlton declined the opportunity to speak with investigators from this office.

¹⁷ Investigators spoke with Jetter who confirmed that he hired Harris to help the school move from the trailers to their new location on the campus of York College. According to Jetter, he did not have enough staff members to assist with the move so Carlton suggested that he hire her husband to assist with the move. Jetter stated that Harris was paid \$10.00 an hour and worked approximately 10 hours a day, although he did not know how many days Harris worked. Jetter added that Harris punched a time card.

¹⁸ Jetter informed investigators that Harris accompanied Carlton on the school trip to Florida and that Harris was one of the chaperones. Jetter stated that none of the chaperones received any money for going on the trip and Harris should not have been paid either.

As we previously recommended, it is again the recommendation of this office that Wendy Carlton's employment be terminated, that she be placed on the ineligible list, and that this matter is considered should she apply for any position in a New York City public school in the future.

We are referring our findings to Queens County District Attorney Richard A. Brown for whatever action he deems appropriate.

We are forwarding a copy of this letter to the Office of Legal Services. We are also forwarding our findings to the State Education Department for whatever action it deems appropriate. Should you have any inquiries regarding the above, please contact Special Counsel Valerie A. Batista, the attorney assigned to the case. She can be reached at (212) 510-1417. Please notify Ms. Batista within thirty days of the receipt of this letter as to what, if any, action has been taken or is contemplated regarding Wendy Carlton. 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:VAB:gm

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