



Memorandum

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To: Dr. Rudolph F. Crew, Superintendent
Miami-Dade County Public Schools (MDCPS)

From: Christopher Mazzella, Inspector General

Date: June 11, 2008

Re: MDCPS OIG Final Report on John A. Ferguson Senior High School Retreats

Attached please find a copy of the Office of the Inspector General's (OIG) final report on the above-captioned matter. The subject matter of this report is one that you requested us to investigate after the Chief Auditor found instances of inappropriate spending during one of its routine audits. This report, in draft form, was provided to Dr. Donald Hoecherl, Ms. Estelle Wild and Mr. Richard De Aguerro, Executive Director of MECA (Magnet Educational Choice Association, Inc.).

The OIG received a response from Ms. Wild and her attorney (Attached in Appendix A) and we granted an extension of time to Dr. Hoecherl to provide a written response. While the OIG did not receive a written response to the draft report *per se*, we did receive an abbreviated comment from Mr. Hoecherl's attorney that Dr. Hoecherl "absolutely did nothing wrong" although he believes that Dr. Hoecherl "could have followed protocol a little better." (See attached correspondence between the OIG and Dr. Hoecherl in Appendix B). No response was received from MECA.

No material changes to the draft report were made. While the OIG continues to be engaged in a joint investigation with the Miami-Dade State Attorney's Office, it does not preclude the MDCPS and/or School Board in taking any action(s) deemed warranted in this matter. We also recommend that the Administration review the enforcement of School Board Rules relating to the authorizations and paperwork (i.e. contracts, engagement letters, invoices, etc.) required to create purchase orders and the submission of invoices and other back-up documentation for the release of payment. Finally, it is recommended that the policies related to vendor performance, or in this case, vendor non-performance also be reviewed and that appropriate enforcement action be considered on this front.

cc: The Honorable Agustin J. Barrera, Chair, Miami-Dade County School Board
Ms. Julie Ann Rico, Miami-Dade School Board Attorney
Mr. Allen Vann, Chief Auditor, Miami-Dade County Public Schools
Dr. Donald A. Hoecherl
Mr. Richard De Aguerro, Executive Director, MECA
Ms. Estelle Wild, E. Wild Entertainment, Inc.



OFFICE OF THE INSPECTOR GENERAL
FOR
MIAMI-DADE COUNTY PUBLIC SCHOOLS

FINAL REPORT

John A. Ferguson Senior High School
Retreats
IG08-04SB

June 11, 2008

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MIAMI-DADE COUNTY PUBLIC SCHOOLS
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INTRODUCTION

The following Office of the Inspector General (OIG) investigation was commenced upon receiving information from the Miami-Dade County Public Schools (MDCPS) Office of Management and Compliance Audits (Internal Audit) of inappropriate spending for faculty retreats by John A. Ferguson Senior High School (Ferguson SHS). The audit noted excessive expenditures (in-county lodging) and unallowable expenditures (alcoholic beverages) under School Board policy. The audit also noted irregular invoicing and payment practices in conjunction with the FY2006-07 and FY2007-08 retreats.

In January 2008, upon being advised of the on-going audit's findings and after consultation with MDCPS Superintendent Rudolph Crew, the OIG commenced the instant investigation to determine whether or not any fraud, waste, or abuse of power occurred in the coordination and financing of the Ferguson SHS retreats. We note that an OIG joint investigation with the State Attorney's Office is still in progress, and, thus, not all known facts are presented in this report. However, in light of the original audit findings presented by Internal Audit, and the evidence uncovered by the OIG, we make the following report to enable management and the administration to take any appropriate action.

SYNOPSIS

The OIG's investigation covered the past five years of Ferguson SHS annual retreats.

Retreat Date	Retreat Location
8/10/2007 - 8/12/2007	Hawk's Cay Resort, FL Keys
8/4/2006 - 8/6/2006	Doral Marriott Golf & Spa, Doral, FL
7/29/2005 - 7/31/2005	Four Points Sheraton Resort, Miami Beach, FL
8/7/2004	Ferguson SHS & Christ the King Lutheran Church
8/8/2003 - 8/10/2003	Marriott Fairfield Inn & Suites, Miami Beach, FL

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The OIG has determined that Dr. Donald A. Hoecherl, the former principal of Ferguson SHS, with the assistance of Ferguson SHS staff, planned and organized all five retreats. While the investigation is still on-going, the OIG is able to report the following abuses:

1. In four out of five years, Dr. Hoecherl contracted directly with hotels in the apparent violation of SB rules.¹
2. Regarding three of the five retreats, there is cause to believe that Dr. Hoecherl either falsified or caused to be falsified official public records of the MDCPS, purchase orders and/or invoices, to obtain funding for said retreats.
3. Dr. Hoecherl used three vendors: Co-Nect, Inc., Estelle Wild Entertainment, Inc., and the Magnet Educational Choice Association, Inc. (MECA), to create layered financial transactions to hide the true source of and/or true use of improperly obtained official SB funds.
4. Dr. Hoecherl deliberately circumvented SB Rules and other internal controls related to MDCPS Procurement and Accounts Payable.
5. Dr. Hoecherl improperly obtained in excess of \$200,000 in SB funds to pay for hotel lodging at resorts within Miami-Dade County, hotel lodging at Hawk's Cay Marina in the Florida Keys, alcoholic beverages in general, and food and beverages consumed by MDCPS employees' friends and families.

OIG JURISDICTIONAL AUTHORITY

The Miami-Dade County Office of the Inspector General, through an Interlocal Agreement (ILA) between Miami-Dade County and the Miami-Dade County School Board, serves as Inspector General for MDCPS. The ILA for inspector general services is expressly authorized by School Board Rule 6GX13-8A-1.08. The scope and jurisdiction of the Inspector General's activities is dictated by the ILA.

Pursuant to the responsibilities, functions, authority and jurisdiction conferred through the ILA, the Inspector General has the authority to make investigations of School Board affairs and the power to review past, present and proposed School Board programs, accounts, records, contracts and transactions. The Inspector General has the power to analyze the need for, and the reasonableness of, proposed change orders. The Inspector General is authorized to conduct any reviews, audits, inspections, investigation or analyses relating to departments, offices, committees, activities, programs and agencies of the School Board.

¹ See School Board Rule 6GX13-3C-1.10 Non-salaried Expenditures PURCHASE APPROVALS, paragraph 1 (Exhibit 1); and School Board Rule 6GX13-3F-1.01 Contract and Documents APPROVAL BY SCHOOL BOARD ATTORNEY, paragraph 1 (Exhibit 2).

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The Inspector General may, on a random basis, perform audits, inspections and reviews of all School Board contracts. The Inspector General shall have the power to audit, investigate, monitor, oversee, inspect and review the operations, activities and performance and procurement process including, but not limited to, project design, establish of bid specifications, bid submittals, activities of the contractor and its officers, agents and employees, lobbyists, and of MDCPS staff and elected officials in order to ensure compliance with contract specifications and detect corruption and fraud.

The Inspector General shall have the power to review and investigate any citizen's complaints regarding School Board projects, programs, contracts or transactions. The Inspector General may exercise any of the powers contained in the ILA, upon his or her own initiative.

The Inspector General shall have the power to require reports and the production of records from the Superintendent, School Board members, School District departments and allied organizations, and District officers and employees, regarding any matter within the jurisdiction of the Inspector General.

BACKGROUND

Dr. Donald A. Hoecherl

Dr. Hoecherl has been an employee of MDCPS since 1974. In June 2007, he was promoted to Administrative Director of Professional Development. In February 2008, he was temporarily assigned to Region III.

From August 2003 to June 2007, he was the principal of Ferguson SHS. During his tenure with MDCPS, Dr. Hoecherl has served in various positions including teacher, counselor, assistant principal, and principal. Dr. Hoecherl has been the principal of three different MDCPS high schools since 1992 and has over 15 years experience as a principal.

According to MDCPS records, among the many duties of a high school principal are: to monitor the expenditure of funds in accordance with board rules, supervise administrative staff in the procurement of goods and services, and to ensure that federal funds/grants are used appropriately.

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INVESTIGATION

Annual Retreats

There are approximately 50,000 employees working for the MDCPS. This includes approximately 22,000 teachers. MDCPS provides opportunities for periodic training through workshops, seminars and retreats instructed by both MDCPS personnel and private vendors. The terms workshops, seminars and retreats are used interchangeably by the MDCPS.

The investigation revealed that Ferguson SHS hosted five retreats, each held before the beginning of the school year, usually in July or August. The purported purposes of the annual retreats were to introduce the newly hired staff to the existing staff, to familiarize the newly hired staff with the school's stated mission and culture, to build morale among all staff, and to integrate all areas of administration into its "academy method" of teaching. Therefore, everyone (i.e. teachers, support staff, temporary staff, custodial staff, security guards, and food service personnel) was invited to attend. With each successive year, the Ferguson SHS annual retreat was progressively larger and more expensive than the previous year. While attendance at the annual retreats was not mandatory, it was highly encouraged and recommended that all staff attend. Staff was permitted to bring friends and family members; however, an additional charge would be collected to offset the costs of meals for friends and family members joining the planned lunches/dinners/banquets, etc. There was no cost to Ferguson SHS employees to attend the retreat.

The curriculum for the annual retreats, while different in specific topics, reinforced similar general themes. Ferguson SHS staff planned and coordinated the curriculum, subject to Dr. Hoecherl's approval. Dr. Hoecherl personally negotiated with the hotels and Ferguson SHS staff was responsible for the logistics of the retreats, e.g., set up, check-in, production and disbursement of handouts and course materials, etc. Most presenters were MDCPS employees. It appears that no one was compensated for conducting retreat presentations, other than receiving meals and lodging in a few cases. In three of the five retreats examined by the OIG, third parties were falsely represented on the purchase orders as putting on the retreat. The charges falsely represented on the purchase orders and accompanying invoices were for registration fees. However, Dr. Hoecherl and Ferguson SHS staff actually organized, planned, and essentially "put on" the retreat through the hotel and its staff. Instead, the third parties were merely conduits through which Dr. Hoecherl passed SB funds. By passing the funds through these entities, Dr. Hoecherl gained discretion and control as to how these funds would ultimately be spent. These schemes allowed Dr. Hoecherl to by-pass or circumvent MDCPS Procurement and Accounts Payable Internal controls.

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2007 Ferguson SHS Retreat, Held at Hawk's Cay Resort

The 2007 Ferguson SHS Retreat was held at Hawk's Cay Resort (Hawk's Cay) from 8/10/2007 through 8/12/2007. Hawk's Cay is a beachfront resort and marina located on Duck Key in the Florida Keys. The OIG investigation disclosed that Dr. Hoecherl made false statements on the originating purchase order for services and knowingly caused false invoices to be submitted to MDCPS Accounts Payable to obtain \$115,391 in funding for this retreat.²

A. The Hawk's Cay Contract

The OIG's review of documents and interviews of witnesses related to the Hawk's Cay retreat revealed that sometime on or before 5/8/2007, Dr. Hoecherl personally negotiated with Hawk's Cay for a retreat to be held from 8/10/2007 through 8/12/2007, resulting in an executed services contract with the resort, on behalf of Ferguson SHS. (Exhibit 3)

According to SB rules, Dr. Hoecherl had no authority to sign the contract with Hawk's Cay Resort or to unilaterally enter into any contract of this type.³ The contract contains a set rate for lodging and meals to be served during the event. Further, the contract includes a \$20 per room resort fee, which allows for access to amenities such as the pool and lagoon area, boat ramp, tennis courts, and fitness center. The contract also stipulates various monetary amounts that Ferguson SHS would be charged in the event that Ferguson SHS cancelled the retreat. These amounts vary depending upon how far in advance of the event the retreat is cancelled. Lastly, a booking recap sheet, dated 5/9/2007, discovered by the OIG, shows that there was a conscious effort by those planning the event to disguise the purchase of alcoholic beverages. The document, in the comments section, notes: **"Must hide all alcoholic charges on bills – list as something else."** (Emphasis added by OIG) (Exhibit 4)

B. The MECA Purchase Order

While the executed contract was between Dr. Hoecherl, on behalf of Ferguson SHS, and Hawk's Cay, Dr. Hoecherl directed his staff to create a purchase order (PO) in favor of MECA, as the vendor purportedly conducting the 3-day workshop on 8/10 through 8/12/07.

² Though Dr. Hoecherl was promoted during the planning of the 2007 Hawks's Cay retreat, he, nevertheless, continued to spearhead the planning and organization of the retreat. The new Ferguson SHS principal had little to do with the event's planning, funding or organization.

³ See footnote 1 and the cited School Board rules.

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MECA is an acronym for Magnet Educational Choice Association, Inc. MECA is described as a MDCPS support organization, set up to receive charitable donations on behalf of MDCPS from third parties, i.e. parties or entities unrelated to MDCPS. MECA was an approved SB vendor at the time the MECA PO was submitted, and as such could receive payments. However, MECA was not in the business of organizing or facilitating workshops or seminars. The OIG has discovered that on 6/22/2007, approximately six (6) days before submitting the MECA PO, Dr. Hoecherl requested and arranged for the new Ferguson SHS principal and the Ferguson SHS activities director to open an account at MECA in favor of Ferguson SHS. **(Exhibit 5)**

The actual PO was created by a Ferguson SHS clerical employee, Ms. Asuncion (Mercy) Valdes. Ms. Valdes stated that Dr. Hoecherl directed her to type the PO and gave her all the information necessary to complete it. PO number R02365875, dated 6/28/2007, specifies MECA as the vendor and was for \$115,391. **(Exhibit 6)** The description of services reads:

Registration Fee. Workshop for 3 days. Please send attn:
Dr. Hoecherl. This is for a 3 day workshop 150
participants. Starting August 10 thru August 12, 2007
sponsor by MECA Inc...

C. The MECA Invoice vs. the Hawk's Cay Invoices

One month after the retreat, MECA submitted invoice 1043, dated 9/11/2007, to MDCPS requesting payment of the full \$115,391 for providing the 3-day workshop. **(Exhibit 7)** The MECA invoice was submitted to MDCPS Accounts Payable. Before acting on an invoice, Accounts Payable requires that the department/school that submitted a PO for goods or services review the invoice and certify whether or not the goods and services in the specific invoice amount were actually received. A copy of the MECA invoice was forwarded to Ferguson SHS for approval. The MECA invoice was stamped "GOODS RECEIVED PER ORDER - LOC 7121," and bears Dr. Hoecherl's signature. The stamp indicates that on 9/14/2007, Dr. Hoecherl certified that \$115,391 worth of goods or services were received by Ferguson SHS from MECA. An interview of Richard De Aguerro, Executive Director of MECA, disclosed that MECA did not provide any goods or services and did not undertake any activities relating to a workshop. He stated that no registration fees were charged by MECA.

Although MECA submitted the aforementioned invoice for \$115,391, the actual Hawk's Cay invoice, dated 8/15/2007, was also sent to Ferguson SHS. Hawk's Cay total bill was only for \$83,974.40. This invoice was also stamped "GOODS RECEIVED

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PER ORDER – LOC 7121” and bears Dr. Hoecherl’s signature dated 9/7/07 – four days before he certified that the 3-day retreat cost \$115,391. (Exhibit 8)

MECA received a one-page Hawk’s Cay invoice in the actual amount of \$83,974.40. It then requested from Ferguson SHS additional supporting documentation. MECA was provided with copies of the master hotel bill, which included itemized hotel receipts for the rooms and meals. These hotel receipts did not reflect any itemized charge for alcoholic beverages. The itemization page for the Saturday dinner banquet listed buffet dinner charges for 237 people at a cost of \$60 per person. The total cost of this dinner buffet was \$17,064, which included \$2,844 as a 20% service charge. Nowhere on the invoice does it list alcoholic beverages. (Exhibit 9) However, records obtained directly from Hawk’s Cay by the OIG show that the actual expenses included an open bar charge for the 237 guests. The cost for the open bar was \$4,503, or \$19 per person. The buffet cost dropped to \$41 per person, for a total of \$9,717. (Exhibit 10) With the associated service charges, the bill totals were the same.

Dr. Hoecherl’s purchase of alcoholic beverages, totaling \$4,503, we believe is a clear violation of School Board Rule 6Gx13-3C-1.17, which prohibits certain purchases. (Exhibit 11) A review of the Hawk’s Cay invoice reveals that the total amount also includes service charges/tips, which we also believe cannot be paid for using MDCPS funds.

D. The Money

Unknowingly relying on the fraudulent information in both the original MECA PO and Dr. Hoecherl’s stamp on the MECA invoice stating “GOODS RECEIVED PER ORDER – LOC 7121,” Accounts Payable approved the MECA invoice and issued a MDCPS check payable to MECA in the amount of \$115,391. These funds were deposited into the MECA account in favor of Ferguson SHS. (Exhibit 12) But for Dr. Hoecherl’s stamp and signature on the invoice certifying that goods (or services) had been received, the check would never have been issued.

An additional area of concern was the attendance of family members and guests of MDCPS employees at the retreats. Ferguson SHS staff was allowed to bring family and/or guests to the retreats. Staff was informed that if their family members and/or guests intended to eat with the retreat participants, the staff member would have to pay a \$75 per adult and \$35 per child fee to include the Friday welcome reception, the Saturday evening dinner, and the Sunday breakfast. The OIG has found that several thousand dollars was collected and receipts were issued. However, according to Ferguson SHS’s school treasurer, none of the collected funds was paid to Hawk’s Cay. Mr. Vincent Dawkins, Executive Director of MDCPS Account’s Payable, stated that the funds collected from friends and family members for their meals should have been

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directly paid to Hawk's Cay, which should have then been off-set from the remaining total. The invoiced total would then only reflect charges related to Ferguson SHS employees. Mr. Dawkins stated that MDCPS funds should in no way have paid expenses related to anyone other than MDCPS employees. The money collected from the Ferguson SHS staff remains on deposit in Ferguson SHS's Special Purpose Account, according to the school treasurer.

The \$115,391 in district funds that was paid to MECA was remitted back to MDCPS on 3/4/2008, following a written request from the Inspector General. **(Exhibit 13)** The money was placed in a special liability account based on the advice of the School Board Attorney. While the investigation was on-going and subsequent to the remittance of funds back to MDCPS, MECA requested that it be removed from the list of approved SB vendors, effective 2/19/2008. **(Exhibit 14)**

2006 Ferguson SHS Retreat, held at Doral Marriott Golf & Spa

The 2006 annual retreat was held at Doral Golf Resort & Spa (Doral), a Marriott Resort, from 8/4/2006 through 8/6/2006. This retreat was a 3-day, in-County event, costing over \$73,000 in district and federal grant funds. The OIG investigation determined that Dr. Hoecherl falsified and/or caused another to falsify statements on both the originating POs and on invoices submitted for payment.

A. The Doral Contract

The OIG's review of documents and interviews of witnesses related to the Doral retreat revealed that sometime on or before 5/19/2006, Dr. Hoecherl contacted Doral and negotiated with the resort, either personally or via Ferguson SHS staff. The resulting contract, dated 5/19/2006, was executed by Dr. Hoecherl, on behalf of Ferguson SHS, again in violation of SB rules.⁴ **(Exhibit 15)**

The contract stipulates various amounts that Ferguson SHS would be charged in the event that the retreat was cancelled. The contract contains a set rate for lodging and charges for meals to be served at the various retreat events. One of the dinner charges indicates that beer and wine is included in the cost.

B. E. Wild Entertainment, Inc. (Wild) Purchase Orders

After Dr. Hoecherl executed a contract with Doral, he submitted to MDCPS Procurement the first of two POs seeking funds for the retreat. The POs, however,

⁴ See footnote 1 and cited SB rules.

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were made out in favor of E. Wild Entertainment, Inc. (Wild), a registered vendor with MDCPS. Wild is owned and operated by Estelle Wild, a former MDCPS employee.

The OIG learned that Ms. Valdes of Ferguson SHS's administrative staff prepared both POs pursuant to Dr. Hoecherl's instructions. The first Wild PO, #R02310864 and dated 7/24/06, (**Exhibit 16**) describes the services as:

Registration fee 150 participant magnet workshop. . . This is for the magnet workshop sponsor by E. Wild Entertainment [sic], Inc. For 150 participants to attend 2 ½ day workshop for the school year 2006 – 2007...

The PO contained a unit price of \$395 per person. The total amount was for \$59,250 to be drawn from federal grant funds. Shortly thereafter, Dr. Hoecherl submitted a second PO (number R02316654, dated 7/31/06) in favor of Wild for \$13,825 to fund an additional 35 attendees for the "workshop." (**Exhibit 17**) The funds for the second PO were to be drawn from MDCPS general funds. The two POs combined authorized Ferguson SHS to spend \$73,075 on registration fees for the August 2006 workshop.

C. Wild Invoices vs. the Doral Invoice

Wild submitted two invoices for payment. The invoiced amounts match exactly the amounts authorized by the POs. The first Wild invoice, dated 8/2/06, is addressed to Ferguson SHS at the school's address. (**Exhibit 18**) The invoice describes the event as: "Inservice Seminars 2 and ½ Day Workshop" at the Doral Marriott Hotel for 150 confirmed registrants at \$395 per registration. The invoice was stamped "GOODS RECEIVED PER ORDER – LOC 7121" and bears Dr. Hoecherl's signature with the date 8/3/06 – the day *before* the retreat. As such, Dr. Hoecherl fraudulently certified that Ferguson SHS had received the goods (or services) in the specified amount. This invoice was, thereafter, forwarded to Accounts Payable for payment.

The second Wild invoice submitted for payment of \$13,825 bears the date 9/8/2006 and describes that it is for an additional 35 confirmed registrations for the seminar/workshop at the Doral Marriott Hotel. (**Exhibit 19**) This invoice also was stamped, "GOODS RECEIVED PER INVOICE – LOC 7121" and bears Dr. Hoecherl's signature dated 9/11/06. The invoice was also forwarded to Accounts Payable for payment along with the corresponding PO.

OIG Special Agents interviewed Ms. Estelle Wild, who confessed that she did not provide any services of organizing, planning or conducting a workshop or seminar, which would have entitled her to charge a per person registration fee. Ms. Wild

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explained that she only acted as a “fiscal agent” to deposit and pay bills. For performing this act, Wild was compensated at least \$4,965.⁵ Estelle Wild stated that her regular fee is 15% of the total event’s cost. However, Ms. Wild stated that Dr. Hoecherl would only agree to pay her 10%. Ms. Wild stated that she accepted this lesser percentage as Dr. Hoecherl had already made all of the event’s arrangements.

Ms. Wild’s statement that she acted as a “fiscal agent” is corroborated by the documents related to this transaction. As stated above, Dr. Hoecherl executed a binding contract between Ferguson SHS and Doral on 5/19/2006. The OIG obtained a service contract dated and executed on 8/2/2006 by Ms. Wild, which is well over 2 and ½ months after Dr. Hoecherl planned, negotiated and executed the Doral contract. It is also dated the same date as the first invoice. The Wild contract, while not executed by anyone from MDCPS, including Dr. Hoecherl, states that: “EWILD will create and execute a meeting to be held on the 4th, 5th and 6th of August, 2006 at the Doral Golf Resort & Spa...” The contract is for \$59,250 and contains other language consistent with that of the first PO. **(Exhibit 20)**

According to Mr. Vincent Dawkins of MDCPS Accounts Payable, had he known that Wild only acted as a “fiscal agent”, contrary to the work authorized in the two Wild POs and invoices, the MDCPS checks would never have been approved nor issued. Mr. Dawkins could find no legitimate business reason to hire and pay a third party to “pay the bills,” when MDCPS maintains Accounts Payable, a MDCPS department wholly devoted to the paying of MDCPS bills at no charge to the using agency or department.

OIG Special Agents reviewed the Doral invoice and back-up documentation dated 9/14/2006 related to the retreat. The total cost of the retreat was \$68,416.46. The invoice included \$3,705 in alcoholic beverages (247 bottles of premium/imported beer at \$15 per bottle). Paying for alcoholic beverages with public funds is a violation of SB rules and a violation of federal law governing the authorized use of federal grant funds.⁶ Further, the invoice revealed that \$6,466 in tips was included in the charges. **(Exhibit 21)**

D. The Money

Unknowingly relying on the fraudulent information submitted by Dr. Hoecherl, Accounts Payable approved the two Wild invoices and caused two MDCPS checks to be issued payable to E. Wild Entertainment, Inc. MDCPS check #512009 for \$59,250

⁵ Ms. Wild admitted to receiving an additional \$1,200 paid to her by Co-Nect, Inc. as part of her fees. The OIG has not yet obtained documents verifying this payment.

⁶ See School Board Rule 6Gx13-3C-1.17, previously cited and Federal OMB Circular A-87, COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS (Revised 5/10/04).

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was issued on 8/11/2006 (**Exhibit 22**) and MDCPS check #516334 for \$13,825 was issued on 10/6/2006. (**Exhibit 23**) But for Dr. Hoecherl's stamps and signatures on the two Wild invoices and Wild PO certifying that goods (or services) had been received, the checks would never have been issued.

On or about 10/3/2006, Estelle Wild issued a personal check, in the amount of \$68,110, payable to *John A. Ferguson Special Purchases*. The memo/note line on the check says *Faculty Retreats*. (**Exhibit 24**) The check was accompanied by a letter from Ms. Wild to Dr. Hoecherl. (**Exhibit 25**) It states:

Please accept this donation of \$68,110.00 to the Principal's special purpose account to help offset the cost of the retreat of 2006. I am happy to be able to help with the professional development of the faculty and staff of John A. Ferguson Senior High School.

The funds were marked as a donation and were deposited into the Ferguson SHS internal Special Purpose Account.

During her interview with the OIG, Ms. Wild admitted that this was not a donation of her personal funds. Instead, it was a return of SB funds and it was done at Dr. Hoecherl's request. Ms. Wild stated that Dr. Hoecherl dictated the donation letter, which she wrote and then submitted to Ferguson SHS. Ms. Wild kept a portion of the SB funds in partial payment for her fee for acting as "fiscal agent." This transaction had the effect of masking official MDCPS funds as a private donation, which is not subject to the same spending restrictions. According to School Board Rule 6Gx13-3B-1.111 *Donations and Gifts of Property*, the \$68,110 donation from Estelle Wild was required to be presented to the SB as an agenda item seeking Board acceptance. However, Dr. Hoecherl failed to do this and the sham donation was never made known to the SB.

On 11/9/06, the Doral retreat costs, totaling \$67,416.66, were paid from the Ferguson SHS Special Purpose Account, thus masking the true source of the funds – that being a combination of the federal grant funds (PO #1 and Wild invoice #1) and MDCPS funds (PO #2 and Wild invoice #2). (**Exhibit 26**)

As in the case of the Hawk's Cay retreat, the OIG is concerned that monies collected from staff to pay for meals/events for friends and family members were not correctly handled. While monies were collected and receipts were issued, the monies were not directly applied against the resort's event charges and, thus, not deducted from the final Doral bill. Instead, Dr. Hoecherl left the money deposited in Ferguson

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SHS's Special Purpose Account. The charges for friends and family were ultimately paid by the federal grant and MDCPS funds.

2005 Ferguson SHS Retreat, held at Four Points Sheraton Resort Hotel

The 2005 retreat was held at the Four Points Sheraton Resort (Sheraton) located on Miami Beach. The hotel was formerly the Marriott Fairfield Inn and Suites and was also the site of the 2003 Ferguson SHS retreat. The OIG investigation of the 2005 retreat held on 7/29/2005 through 7/31/2005 also disclosed false statements on the originating POs and phony invoices submitted to MDCPS to obtain \$46,800 in funding for the retreat.

A. The Sheraton Contract

An OIG Special Agent spoke to Howard Konetz, General Manager of Charles Groups Hotel. Mr. Konetz recalls that he personally negotiated a contract with Dr. Hoecherl, which was reduced to writing and executed by both parties. The contract called for the Sheraton to provide hotel rooms, meals and conference facilities for the retreat. It was signed by Dr. Hoecherl on 6/20/2005. **(Exhibit 27)**

B. The Co-Nect Purchase Order

After Dr. Hoecherl contracted directly with the Sheraton, he submitted a PO to MDCPS Procurement to obtain funding for the retreat. The PO, numbered R02263469 and dated 10/14/2005, was prepared by Ms. Valdes at Dr. Hoecherl's instruction. The PO was for \$46,800 at the cost of \$360 per person for 130 registrants. **(Exhibit 28)** It reads:

Magnet workshop registration fees...Summer Magnet workshop conducted by Co-Nect for instructional and non-instructional staff...This purchase order is replacing original PO to expedite the effort of payment to vendor.

While the PO names Co-Nect as the vendor conducting the workshop, the OIG has obtained a letter from Dr. Hoecherl to the Sheraton, dated 6/27/2005, stating that Co-Nect, Inc. has been enlisted to act as Ferguson SHS's fiscal agent to represent the school in all fiscal matters related to the retreat. **(Exhibit 29)** As earlier reiterated by Mr. Dawkins, Executive Director of Accounts Payable, there is no sound business reason for Ferguson SHS to have hired someone to "pay the bills."

OFFICE OF THE INSPECTOR GENERAL
MIAMI-DADE COUNTY PUBLIC SCHOOLS
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C. Co-Nect and Sheraton Invoices

Co-Nect submitted invoice 156258, dated 11/14/2005, to MDCPS requesting payment of \$46,800. (**Exhibit 30**) The description reads:

Registration fee for 130 participants @ \$360.00 per
person Workshop July 29, 30, 31

This invoice, like the others described in this report, was stamped "GOODS RECEIVED PER ORDER – LOC 7121." Dr. Hoecherl authorized payment of this invoice through his signature dated 11/14/2005. The replacement PO, dated 10/14/2005, was also stamped "GOODS RECEIVED" and was signed by Dr. Hoecherl, albeit not dated.

Relying on the false information in the PO and Co-Nect invoice, which were both approved by Dr. Hoecherl, Accounts Payable paid the invoice. Mr. Dawkins, Executive Director of Accounts Payable, has told OIG Special Agents that had it been known that Co-Nect did not actually conduct the workshops, but merely acted as a "fiscal agent," the invoice would never have been approved for payment of \$46,800.

The OIG has interviewed Ferguson SHS employees who attended this retreat. They advised that the retreat was planned and organized by Ferguson SHS employees at Dr. Hoecherl's direction. At no time did anyone from Co-Nect ever assist in any of the planning and coordination of the event. Co-Nect only supplied one employee, to act as a presenter at the retreat. Ferguson SHS employees arranged the other retreat presenters.⁷

2004 Ferguson SHS Retreat

The 2004 retreat consisted of a day-workshop held at Ferguson SHS and an evening event held at Christ the King Lutheran Church. Our review of the 2004 retreat has not revealed any improper spending or questionable authorizations. Through interviews with Ferguson staff, we found that the 2004 workshop curriculum was very similar in theme and format as the curriculum presented at the 2003, 2005, 2006 and 2007 retreats. A main difference, however, was the cost to put on the 2004 workshop versus the costs for the other years' retreats. Additionally, funding for the 2004 evening event appears to have come solely through donations and other funds from the

⁷ The OIG has been unable to interview anyone from Co-Nect as of the issuance of the draft report. The international corporation, Pearson Education, Inc., of Patterson, NJ, has since acquired Co-Nect, which was located in Cambridge, MA in November of 2005.

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MIAMI-DADE COUNTY PUBLIC SCHOOLS
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Ferguson SHS Special Purpose account. We have found, thus far, that approximately \$1,300 was spent from the Special Purpose account to pay for the 2004 event.

2003 Ferguson SHS Retreat, Marriott Fairfield Inn & Suites, Miami Beach

The August 2003 retreat was held at the Marriott Fairfield Inn & Suites⁸ (Fairfield), just prior to the opening of Ferguson SHS. The retreat was funded with monies transferred from other Miami-Dade County Schools and corporate donations.

A. The Fairfield Contract

The OIG interviewed Mr. Howard Konez, General Manager, Charles Group Hotels. Mr. Konez recalls that he personally negotiated a contract with Dr. Hoecherl, which was reduced to writing and executed by both parties.⁹ Mr. Konez recalled that the contract was for hotel rooms, meals and conference facilities; he recalled sending invoices to Ferguson SHS, and that the invoices were paid. Our review has disclosed approximately \$10,000 worth of charges related to the 2003 retreat. **(Exhibit 31¹⁰)** Again, the OIG notes that Dr. Hoecherl's unilateral negotiation and execution of the hotel contract may have been in violation of School Board rules.

B. Vendor Donations

An OIG review of Ferguson SHS's Special Purpose Account revealed that funding for this retreat was listed as donations. It appears that \$16,750 in donations was received from nine (9) sources, two of which were transfers from other MDCPS high schools. Another \$3,000 transfer came from the MECA account of the Department of STC Initiatives. A check was authorized for Ferguson SHS in payment of an invoice from Ferguson SHS for "teacher training & strategic planning." The remaining six sources of funding came from private and corporate donations. **(Exhibit 32)** The OIG is concerned that school staff may be soliciting donations from corporations that the school does business with (or in the case of Ferguson SHS, may do future business with) and that such solicitations create a conflict of interest.

⁸ This is the same property where the 2005 retreat was held.

⁹ Fairfield reports that this contract was shredded in January 2008, as part of normal corporate rules related to record retention.

¹⁰ There are two invoices for the Welcome Reception for \$960 and two invoices for the lunch and dinner buffets for \$3,342. On closer examination, we note that the invoices are the same except that in one set there is no separate fee for the 19% service charge, instead the service charges are reflected by the increased unit charges.

OFFICE OF THE INSPECTOR GENERAL
MIAMI-DADE COUNTY PUBLIC SCHOOLS
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CONCLUSION

Between 2003 and 2007 and while serving as principal of Ferguson SHS Senior High School, Dr. Hoecherl personally entered into at least four (4) contracts with resort hotels contrary to SB Rule 6Gx13-3F-1.01, which states in part:

The Board directs that all contracts to which the School Board is a party be submitted to the Board Attorney for drafting or approval as to form and to determine if such contracts meet all relevant and applicable legal requirements as to form and legal sufficiency.

In an effort to disguise the fact that he personally entered into contracts contrary to SB rules, Dr. Hoecherl made and/or caused to have made false statements on purchase orders, invoices, and other documentation, related to the 2007, 2006 and 2005 events, in order to obtain in excess of \$200,000 in MDCPS funds and/or federal grant funds, which also may be in violation of SB rules. Dr. Hoecherl used MDCPS and/or grant funds to purchase alcoholic beverages for MDCPS employees and their guests and/or family members. Dr. Hoecherl also used MDCPS and/or grant funds to purchase food for MDCPS employees' guests and family members.

Presented within this report are facts surrounding the annual retreats of John A. Ferguson SHS for 2003 to 2007. Copies of this report, as a draft, were presented to certain individuals and entities for comment. Written responses received by the OIG are included with the report. See Appendix A for correspondence received on behalf of Ms. Estelle Wild and Appendix B for correspondence received on behalf of Dr. Donald Hoercherl. A draft report was provided to MECA; however, the OIG did not receive any written comments.

While the OIG continues to be engaged in a joint investigation with the Miami-Dade State Attorney's Office, it does not preclude the MDCPS and/or the SB from taking any action deemed warranted in this matter. Furthermore, the OIG recommends that the Administration review the enforcement of School Board Rules relating to the authorizations and paperwork (i.e. contracts, engagement letters, invoices, etc.) required to create purchase orders and the submission of invoices and other back-up documentation for the release of payment. Finally, it is recommended that the policies related to vendor performance, or in this case, vendor non-performance also be reviewed and that appropriate action also be considered on this front.

OIG

APPENDIX A

**IG08-04SB
Final Report on
John A. Ferguson Senior High School Retreats**

LAW OFFICE OF
Mark Seiden
A PROFESSIONAL ASSOCIATION
Suite 400
777 Brickell Avenue
Miami, Florida 33131

TELEPHONE (305) 577-4981
FACSIMILE (305) 577-8376
EMAIL markseidenpa@markseidenlaw.com

REC'D OFFICE OF THE
MAYOR
2008 MAY 14 AM 11:42

MARK SEIDEN
TODD MICHAELS

Of Counsel
JOEL DENARO

Diana M. Estrugo
Legal Assistant & Office Manager

Mirta Ruano
Legal Assistant

May 12, 2008

Mr. Christopher Mazella
Inspector General
19 West Flagler Street
Suite 220
Miami, FL 33130

Sent Via Certified Mail
Return Receipt Requested

RE: Estelle Wild

Dear Mr. Mazzella:

First, enclosed please find a letter from Estelle Wild in which she invokes her Fifth Amendment right to silence both as a response to the report produced by your office and in general. Please instruct your personnel not to attempt to have any further contact with her.

Second, Ms. Wild disputes the accuracy of both the draft reports and the statements attributed to her therein.

Last, that said, I would be most interested in sitting down with you and Ms. Jordan (or any other prosecutors assigned to the case) prior to any decision being made regarding Ms. Wild. For your information, I will be out of the country and unavailable beginning May 27th, 2008 and will return to my office on June 16th, 2008. I would appreciate your consideration in not taking any action in this matter that involves Ms. Wild during that time period.

I look forward to hearing from you at your convenience.

Sincerely,



Mark Seiden

cc: Carol Jordan, ASA
Estelle Wild

APPENDIX A

Estelle Wild
8600 SW 120 Street
Miami, FL 33156

MC - OFFICE OF THE
INS - INSPECTOR GENERAL
2008 MAY 13 AM 11:41

May 13, 2008

Mr. Christopher Mazella
Inspector General
19 West Flagler Street
Suite 220
Miami, FL 33130

Sent Via Certified Mail
Return Receipt Requested

Dear Mr. Mazzella:

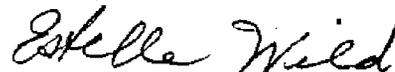
On February 22, 2008 my attorney, Mr. Mark Seiden, wrote a letter to Assistant State Attorney Carol Jordan with copies to S/A's Dylan, Hughes and Kepler, advising that he represented me in an investigation that they were conducting which involved E. Wild Entertainment Inc. Mr. Seiden requested that any inquiries that they had of me should be directed to him.

Despite that request, on Friday May 9th, S/A Hughes telephoned my home and attempted to contact me regarding the same matter, in violation of my attorney's directive.

Both in response to the report that was delivered to my home and just so there is no further misunderstanding, I respectfully decline to answer any questions posed to me by you, your agents, police officers, detectives, prosecutors or any other person involved in the investigation on the advice of counsel and on further grounds that to answer, would violate my rights under the Fourth, Fifth and Sixth Amendments to the United States Constitution and the corresponding provisions of the Florida State Constitution.

Direct all further inquiries to my attorney, Mark Seiden, who is available at (305) 577-4981. Please advise anyone connected with this investigation of the foregoing invocation of my Fifth Amendment rights and advise them not to attempt any further contact with me.

Sincerely,



Estelle Wild

cc: ASA Carol Jordan
S/SA Stephen Pollock ✓
S/A Dylan Hughes
S/A Michael Kepler
Mark Seiden, Esq.

OIG

APPENDIX B

IG08-04SB
Final Report on
John A. Ferguson Senior High School Retreats

MICHAEL J. ROSEN, P.A.

ATTORNEY AT LAW
GROVE FOREST PLAZA
2937 SOUTHWEST 27TH AVENUE
SUITE 101
MIAMI, FLORIDA 33133

MICHAEL J. ROSEN
mjr@mjrosenlaw.com

OF COUNSEL
KYM E. BENNETTE, P.A.
kab@mjrosenlaw.com

TELEPHONE 305 / 446-6116
FACSIMILE 305 / 446-6150

June 6, 2008

Via Facsimile and Mail
(305) 579-2656

Office of the Inspector General
19 West Flagler Street
Suite 220
Miami, FL 33130

Attn: Ms. Patra Liu

Re: Dr. Donald Hoecherl
Ref. IG08-04SB

Dear Ms. Liu:

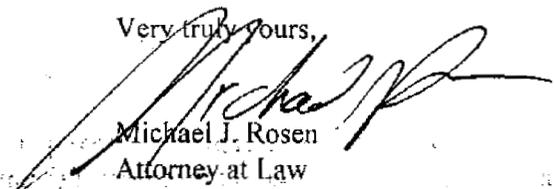
Thank you for your letter of June 5. While I appreciate the need for deadlines, my involvement in this matter has been very brief. It is true that documents are appended to the OIG draft report, however, they do not reflect the complete story behind this matter. As I have said before, Dr. Hoecherl's exemplary history with the public school system warrants a review of all records in order to fully, fairly and accurately respond to the allegations in the draft report.

Since you will not agree to withhold the report (which I request be reconsidered), let me state categorically that Dr. Hoecherl absolutely did nothing wrong - although I believe that he could have followed protocol a little better. The distinction between wrong and protocol is a huge one; and to be certain, nothing was done or not done by Dr. Hoecherl that was criminal in any way.

I have already called for an appointment to review the documents in your possession.

I look forward to resolving this matter with you in the immediate future.

Very truly yours,


Michael J. Rosen
Attorney at Law

MJR/lts

cc: Dr. Donald Hoecherl

RECEIVED BY THE
OFFICE OF THE
INSPECTOR GENERAL
2008 JUN 10 AM 10:41



Christopher R. Mazzella
Inspector General

Alan Solowitz
Deputy Inspector General

Patra Liu
Assistant Inspector General
Legal Counsel

June 5, 2008

Mr. Michael J. Rosen, P.A.
2937 S.W. 27th Avenue, Suite 101
Miami, Florida 33133

Via Facsimile to 305-446-6150 (one page only) and U.S. Mail

Re: Dr. Donald Hoecherl, Ref. IG08-04SB

Dear Mr. Rosen:

I have just received your letter, dated June 4, 2008, requesting access to various financial documents in order to properly draw a response to the Office of the Inspector General's (OIG) draft report.

While you state that this request is not meant as a delay, it comes at the eleventh hour as your client's current deadline to submit a response is this Friday, June 6, 2008. The OIG previously extended the deadline by two weeks from May 23rd to June 6th based upon your earlier request. Furthermore, the OIG draft report is accompanied by thirty-two (32) exhibits substantiating the transactions detailed in the report. These include the relevant invoices, purchase orders, hotel bills, MDCPS checks, and correspondences related to the events reference in our report.

Your latest request asks the OIG for another's records. Please be advised that John A. Ferguson Sr. High School's bank account records reside with the school regardless of whether the OIG had access to them. The same goes for the other procurement and hotel information you requested. As mentioned earlier, all the relevant exhibits are attached to the OIG report. You may set up an appointment to view our file, and we will make all non-exempt materials available for your inspection as required by Florida Statutes Ch. 119. However, the OIG will not be delaying finalization of this report. Please contact me to schedule an appointment to view our file.

We look forward to receiving a response on behalf of your client, if he so chooses, by close of business Friday, June 6, 2008. If we do not receive a written response, we will assume that he elected not to provide one.

Yours truly,

Patra Liu
Assistant Inspector General

LAW OFFICES

MICHAEL J. ROSEN, P.A.

MICHAEL J. ROSEN
mjro@mjrrosenlaw.com

GROVE FOREST PLAZA • SUITE 101
2937 SOUTHWEST 27TH AVENUE
MIAMI, FLORIDA 33133

TELEPHONE (305) 446-6116
FAX (305) 446-6150

KYM E. BENNETTE, P.A.*
keb@mjrrosenlaw.com

*Of Counsel

June 4, 2008

**Via Facsimile (305.579.2656)
and USPS**

Patra Liu, Assistant Inspector General
Miami-Dade County Public Schools
Office of the Inspector General
19 West Flagler Street, Suite 220
Miami, Florida 33130

Re: Dr. Donald Hoecherl

Dear Ms. Liu:

Thank you for your letter of May 23rd. I have been working diligently toward a response to the allegations in this case. Before putting anything in writing, I am requesting access to the following financial documents:

- John A. Ferguson Sr. High School ("JAF") Special Purposes Account;
- JAF School Bank Account;
- All purchase orders, with approval chain, for the activities in question;
- All financial records and correspondence sent by the hotels in question.

The OIG has had access to them. In order to properly draw a response, Dr. Hoecherl needs to be able to see and review same. I am happy to arrange a meeting in your office (or wherever the files are located) or to have a copy made of the relevant documents for our review.

This is not meant as a delay. I want us to be in the position to answer and put forth a response to your inquiries.

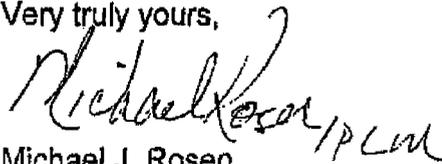
I want to express to you my belief that when we look at substance over form, which in this case is absolutely critical, you will agree that Dr. Hoecherl's conduct was, if not beyond reproach, certainly neither ill intended nor something that I truly believe cannot be reasonably resolved between us.

Patra Liu, Assistant Inspector General
June 4, 2008
Page 2

Can you advise if your office is in possession of the financial records of John Ferguson Senior High School, or are they in custody of the State Attorney's office.

I look forward to your response.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Rosen" with a stylized flourish at the end.

Michael J. Rosen

MJR:plm

cc: Dr. Donald Hoecherl (via email)
Carol Jordan, Esq. (via email and USPS)
Christopher Mazzella, Inspector General (via email and USPS)
Joseph Centerino, ASA (via email and USPS)



Christopher R. Mazzeila
Inspector General

Alan Solowitz
Deputy Inspector General

Patra Liu
Assistant Inspector General
Legal Counsel

May 23, 2008

Michael J. Rosen, P.A.
Attorneys at Law
Grove Forest Plaza, Suite 101
2937 Southwest 27th Avenue
Miami, FL 33133

Facsimile: (305) 446-6150 and U.S. Mail

Re: Dr. Donald Hoecherl, IG08-04SB

Dear Mr. Rosen,

The Miami-Dade Office of the Inspector General (OIG) is in receipt of your letter dated May 21, 2008, wherein you request a two week extension from May 23, 2008 to provide a written response to the OIG's draft report. By way of this letter, your request is granted. We look forward to receiving a response from, or on behalf of, Dr. Hoecherl on or before June 6, 2008.

Sincerely,

Patra Liu
Assistant Inspector General
Miami-Dade County Public Schools

PL/td

LAW OFFICES

MICHAEL J. ROSEN, P.A.MICHAEL J. ROSEN
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MIAMI, FLORIDA 33133TELEPHONE (305)446-6116
FAX (305) 446-6150KYM E. BENNETTE, P.A.*
keb@mjrosenlaw.com

*Of Counsel

May 21, 2008

Via Electronic Mail and FacsimileChristopher R. Mazzella, Inspector General
Miami-Dade County Public Schools
Office of the Inspector General
cmazella@miamidade.gov
cmazella@dadeschools.net
Facsimile: 305.579.2656

Re: Dr. Donald Hoecherl

Dear Mr. Mazzella:

I am in receipt of your May 9, 2008 letter and accompanying report, hand-delivered to Dr. Hoecherl. I note the deadline to respond is May 23rd. This firm has been retained to represent Dr. Hoecherl in both the State Attorney matter and the investigation by the OIG.

We are in the process of arranging to review documents in addition to those provided by your office. While I would like the opportunity to respond to your letter, the May 23rd deadline is simply impossible without first reviewing relevant documents. I am requesting the opportunity of a few additional weeks to respond. This may well include a need to meet with the State Attorney's office in advance of responding to your letter.

I look forward to hearing from you.

Very truly yours,

s/ Michael J. Rosen

Michael J. Rosen

MJR:plm

cc: Dr. Donald Hoecherl (via email)
Jeffrey Feldman, Esq. (via email)