

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Orleans Parish School Board  
New Orleans, Louisiana

April 1, 1998



*Investigative Audit*

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*Daniel G. Kyle, Ph.D., CPA, CFE*  
*Legislative Auditor*

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this report, or any report of the Legislative Auditor, please contact: Skip Lewis, Director of Administrative Services, at 504/388-6888.

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# Orleans Parish School Board

April 1, 1998



Investigative Audit  
Office of the Legislative Auditor  
State of Louisiana

Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor

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DORIS L. LYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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April 1, 1988

**DR. MORRIS L. HOLMES, SUPERINTENDENT,  
AND MEMBERS OF THE ORLEANS  
PARISH SCHOOL BOARD**  
New Orleans, Louisiana

Transmitted herewith is our investigative report on the Orleans Parish School Board. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our finding and recommendation, as well as your response. Copies of this report have been delivered to the Honorable Harry Connick, Sr., District Attorney for Orleans Parish of Louisiana, and others as required by state law.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

AFD/mt

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# Executive Summary

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## Investigative Audit Report Orleans Parish School Board

The following summarizes the finding and recommendation as well as management's response that resulted from this investigation. Detailed information relating to the finding and recommendation may be found at the page number indicated. Management's response may be found at Attachment I.

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### Questionable Activities Related to Insurance Settlement

(Page 1)

#### Findings:

Rivers Frederick Middle School (Rivers Frederick) was destroyed by fire and water damage on July 10, 1985. Subsequently, the Orleans Parish School Board filed claims with its two insurance providers for the loss of the building and received \$1,024,800, including \$108,000 for its contents. Mr. Carl Coleman, Director of Risk Management for the school board, and Mr. Karl Denton of Adjusters International, Inc., the school board's contract adjuster, created a list of furniture and equipment supporting the contents portion of the claim. However, 32% of these items were not in the building at the time of the fire. As a result, the school board may have received \$77,912 that it was not entitled to receive. In addition, the school board paid Adjusters International \$97,494 for services related to the claim. The independent adjuster hired by the insurance companies charged only \$6,978.

#### Recommendation:

We recommend that the school board implement policies and procedures that will ensure that all future insurance claims include only assets actually involved in the loss. The school board should contact its insurance providers and take action to correct any misrepresentations previously made. In addition, the school board should implement procedures providing for the hiring of independent contractors at rates commensurate with market rates and industry norms. We also recommend that the Orleans Parish District Attorney review this information and take appropriate legal action.

**Management's Response:** Based on management's review, the claim was reasonably settled for a fair price and no party engaged in any intentional wrongdoing or fraudulent conduct. The value given for the contents of the building was incorrect. An outdated inventory list was used which inadvertently included property not actually on the premises. However, it also appears that property may have been located at the site that did not appear on the inventory list. Management's conclusion is that both parties were extremely satisfied with the settlement of the building claim and therefore maintained little interest in contesting on the smaller contents claim. Management is prepared to renegotiate the contents claim with the insurance company and will recommend such action to the Board at its next meeting.

Management will recommend to the Board that it implement policies and procedures to ensure that all future insurance claims include only assets actually involved in the loss and to provide for the hiring of independent contractors at rates commensurate with market rates and industry norms.

**Mr. Carl Coleman's Response:** The report's statement that it was upon my recommendation that the school board contracted with Adjusters International (AI) is not true. AI's contract with the Board was nothing more than a modification of the original contract between the Board and AI.

I simply took what I believed to be a valid, current, asset list, and made those additions to it, these being pianos, sewing machines, and computers. These items were added because I was told that these items were stored in the basement. I did my best working against very short deadlines, to honestly and fairly represent the interests of the School Board and to try to obtain proper compensation for its losses. Like all settlements, the one made in this case contains compromises, compromises based on what was known at the time, not on opinions formed three years after the fact. Contrary to the conclusion of the auditors, the settlement is not the result of any fraud on my part, or so far as I know, fraud on the part of anyone else.

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# Background and Methodology

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On July 19, 1995, the River Frederick Middle School was totally destroyed by fire and water damage. Thereafter, the Orleans Parish School Board submitted a claim and received an insurance settlement for its loss. The Legislative Auditor received information indicating that certain improper actions were taken by employees and contractors of the school board during the submission and negotiation of this insurance claim.

Our investigation was conducted to determine the propriety of these allegations. Our procedures consisted of (1) interviewing employees and officials of the school board; (2) interviewing other persons as appropriate; (3) examining selected documents and records of the school board; (4) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (5) reviewing applicable Louisiana laws.

The result of our investigation is the finding and recommendation presented herein.

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# Finding and Recommendation

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## QUESTIONABLE ACTIVITIES RELATED TO INSURANCE SETTLEMENT

Rivers Frederick Middle School (Rivers Frederick) was destroyed by fire and water damage on July 19, 1998. Subsequently, the DeWann Parish School Board filed claims with its two insurance providers for the loss of the building and received \$1,624,095, including \$168,095 for its contents. Mr. Carl Coleman, Director of Risk Management for the school board, and Mr. Karl Denison of Adjusters International, Inc., the school board's contract adjuster, created a list of furniture and equipment supporting the contents portion of the claim. However, 72% of these items were not in the building at the time of the fire. As a result, the school board may have received \$77,902 that it was not entitled to receive. In addition, the school board paid Adjusters International \$97,094 for services related to the claim. The independent adjuster hired by the insurance companies charged only \$6,976.

Rivers Frederick was used as an active school until it closed in 1991. In 1992, at least 55% of Rivers Frederick's assets were distributed to other schools. Because of a pending sale in 1993, Dr. Kenneth Duane, Director of Facility Planning for the school board, issued a memorandum stating that all school board items should be removed from Rivers Frederick by July 15, 1993. Records indicate that during the period April 1993 to July 1993, the maintenance department moved all remaining useable assets and records from Rivers Frederick to the DeWann School site. Non-useable items were either left in the building or destroyed. According to Dr. Duane, since Rivers Frederick was abandoned and constantly vandalized, the school board did not use the property during the period July 1993 until it was totally destroyed by fire and water damage on July 19, 1998.

The school board insured Rivers Frederick through Westchester Fire Insurance Company (Westchester) and Fireman's Fund Insurance Company (Fireman's Fund). Westchester and Fireman's Fund contracted with an independent adjuster, GAB Robins North American, Inc., (GAB), to assist with the insurance claim. The school board contracted with Adjusters International to assist them.

### Contents Not in the Building

The insurance policies in effect for Rivers Frederick at the time of the fire provided coverage for the building and contents of \$1,316,800 and \$241,200, respectively. During negotiations, the insurance companies agreed to settle for the building value, but would not accept the content's value, requiring further proof of the loss. Mr. William Moulton, Adjuster for GAB, stated to us that he inspected Rivers Frederick on two occasions and did not believe that the building contained \$241,200 of assets. According to his records, Mr. Moulton repeatedly

asked that the school board provide a contents list to support the value of furniture and equipment in the building at the time of the fire.

On November 9, 1995, Mr. Coleman and Mr. Denton created a contents list for GAB. Mr. Coleman obtained a 1994 asset list from the finance department, and after adding \$37,850 of additional equipment including sewing machines, computer parts, and pianos, reprinted the list on paper obtained from the computer department. This gave the report the appearance of a mainframe-generated report. Included in GAB's November 10, 1995, report to the insurance companies were the new contents list and a cover letter from Mr. Coleman stating that the contents list was for the furniture and equipments contained in Rivers Frederick at the time of the fire.

The insurance companies agreed to a settlement of \$1,624,893 based on the covered value for the building, demolition cost, and the contents list. However, as stated previously, this settlement included \$77,512 of furniture and equipment that was not in the building at the time of the fire. School board records indicate that \$40,863 of furniture and equipment included in Mr. Coleman's contents list was removed from the building before the fire. Another \$37,850 represented sewing machines, computer parts, and pianos that were not part of the school board's official asset list, but were added by Mr. Coleman for the insurance claim. Though he added these items to the school board's contents list while preparing the insurance claim, Mr. Coleman did not verify that the items were in the building at the time of the fire.

According to Mr. Coleman, Mr. Alton J. Simpson, Furniture Foreman, told him the building contained sewing machines. Therefore, Mr. Coleman estimated the number of sewing machines that might have been in the building. The fire inspector, Mr. Charles Vedton, found sewing machines in the remains of the building. However, we were informed that these were old manual machines that had previously been cannibalized. Mr. Simpson stated that he did not have any discussions with Mr. Coleman regarding furniture and equipment in Rivers Frederick.

Mr. Coleman said that he added the computer equipment because Mr. Gary Kueber, Director of Computer Services, stated that the computer items were in the building at the time of the fire. Later, Mr. Coleman stated that he added the computer items without talking to Mr. Kueber or verifying that the computer items were stored at Rivers Frederick. Mr. Kueber stated that he has not had any contact with Mr. Coleman or anyone else regarding computer equipment stored at Rivers Frederick. In a written statement, Mr. Kueber stated that as far as he knows all computer equipment was removed from the building before the fire.

Mr. Coleman said that Mr. Simpson also told him that the building contained pianos before the fire. In a written statement, Mr. Simpson stated that he never spoke to Mr. Coleman concerning pianos stored at Rivers Frederick. Mr. Simpson further stated that any furniture and equipment of value had already been moved from the building to other storage sites before the fire. In a second written statement, Mr. Simpson provided evidence that all pianos and computer equipment stored at Rivers Frederick was removed by July 16, 1993.

Mr. Coleman also stated that Mr. Joe Mills, Music Department Supervisor, informed him that pianos were in the building. A letter dated November 13, 1995, from Mr. Mills confirmed that 12 pianos, in excellent condition and valued at approximately \$35,000, were in the building at the time of the fire. However, when we spoke with Mr. Mills he informed us that he told Mr. Coleman he was not sure what was stored in Rivers Frederick at the time of the fire, and that the last time he was inside the building there were 7 pianos. School board records indicate that these pianos were removed before the fire. According to Mr. Mills, he wrote the letter regarding the pianos after two requests from Mr. Coleman.

Mr. Moshan (GAB adjuster) informed us that from past dealings with the school board he had no reason to suspect the list was not reasonable. Mr. John Garcia, GAB Manager, stated that GAB would not have accepted the settlement had it known most of the assets were not in the building at the time of the fire.

During our investigation, Mr. Coleman made other statements regarding the insurance claim:

- On September 24, 1997, Mr. Coleman stated that the insurance companies did not want a perfect list; they just wanted rough estimates as to what was in the building. Mr. Coleman further stated that Mr. Denison, the school board's adjuster, told him that the insurance companies would pay for any schedules that the school board came up with.
- On October 17, 1997, Mr. Coleman stated that the insurance companies just needed his "best guarantee" as to what was in the building at the time of the fire. Mr. Coleman stated that he only included items on the list that he could verify. Mr. Coleman further explained that this is why he came up with \$108,000 of assets instead of \$241,000.
- On October 20, 1997, Mr. Coleman stated that he only gave the insurance companies a list of items that may have been in the building. Mr. Coleman added that he relied on other employees' representations when he created the contents list.

#### **Excessive Payments to Adjusters International**

Upon the recommendation of Mr. Coleman and the approval of Mr. James Henderson, Jr., former chief financial officer, the school board contracted with Adjusters International, an independent adjuster represented by Mr. Karl Denison, to assist with the board's fire insurance claim (Exhibit A). The agreement called for Adjusters International to receive 6% of the settlement amount; therefore, the firm received \$97,494. During our investigation, we surveyed five independent adjusters with offices located in the New Orleans area. The adjusters surveyed included both national and local firms. Our survey indicated that the customary rate charged by independent adjusters for this size and type of claim is based on the time and expense incurred by the adjuster. Estimates offered were all less than \$10,000. In addition, the only evidence of work performed by Adjusters International located in the school board's files was two letters requesting information from Mr. Coleman and one letter explaining the settlement reached. Mr. Denison stated that his file on Rivers Frederick was passed away but confirmed that these

letters were probably the only correspondence between Adjusters International and the school board.

The insurance companies involved, Westbeam and Frazier's Fund, also contracted with an independent adjuster, QAB Robins North American, Inc., to handle the claims. QAB billed the insurance companies \$6,976 based on time and expenses incurred.

We recommend that the school board implement policies and procedures that will ensure that all future insurance claims include only assets actually involved in the loss. The school board should contact its insurance providers and take action to correct any misrepresentations previously made. In addition, the school board should implement procedures providing for the hiring of independent contractors at rates commensurate with market rates and industry norms. We also recommend that the Orleans Parish District Attorney review this information and take appropriate legal action.

94-5.003 REVISION TO THE CONTRACT WITH ADJUSTERS INTERNATIONAL

On May 22, 1995 the Board approved the contract with Adjusters International to provide appraisal and claim services in relation to the May, 1993 flood. However, the recent fire at the Rivers Frederick facility necessitates expanding the scope of the contract with Adjusters International to include fire damages at the Frederick site and the (old) Clark site.

We believe that the value of the Board's insurance claims associated with the fire at the Clark and Frederick sites will be enhanced by the engaging professional services.

**RECOMMENDATION:**

The Orleans Parish School Board approve modification to the scope of services to be performed in the contract with Adjusters International to include appraisal and claims services for the Frederick and Clark facilities. The proposed fee for the fire related services will be a flat 6% of the actual claims paid.

Prepared On 8/31/95 By:

Approved On 8/31/95 By:

  
Carl Coleman  
Risk Management

  
James Henderson, Jr.  
Chief Financial Officer

## Attachment I

### Management's Response

*Internal records and various correspondence were submitted as support for management's response to the finding. The volume of the response prevents its entire inclusion in this report. Copies of the entire response are available for inspection at the Baton Rouge office of the Legislative Auditor.*

**NEW ORLEANS PUBLIC SCHOOLS**

2850 GENERAL DEBASSIE DRIVE • NEW ORLEANS, LOUISIANA 70114

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SUPERVISORPHONE 504-572-2100  
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February 26, 1998

Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
Office of Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Rivers Frederick Middle School  
Insurance settlement

Dear Dr. Kyle:

Please allow the following to serve as our formal response to the preliminary draft of your investigative report on the Orleans Parish School Board. Thank you for your continued cooperation and for your courtesy in allowing us the additional time in which to respond.

With assistance from Polack, Rosenberg, Endow & Riccio, I am conducting an investigation of the settlement of the insurance claim for Rivers Frederick School. Based on my review thus far of this matter, I have concluded that the claim was reasonably settled for a fair price and that no party engaged in any intentional wrongdoing or fraudulent conduct.

After the fire destroyed the school, Mr. Carl Coleman assumed the responsibility of assisting the School Board's insurance adjuster, Mr. Karl Denison of Adjusters International, in settling the claim with Mr. Bill Moulton, the independent adjuster hired by the School Board's two insurance companies, Westchester Fire Insurance Company and Fireman's Fund Insurance Company. Initially, the parties agreed to a compromise figure of \$1,516,799.99 to settle the building and demolition portion of the insurance claim. Considering that the School Board enjoyed coverage for building replacement costs, valued at least \$5,950,000, the insurance companies were very happy to settle the building and demolition claim for the compromise figure.



David G. Kyle, CPA, CFE

February 20, 1998

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Although there was no policy limit for the coverage of the contents of the building, the scheduled value of the contents of Rivers Frederick was \$241,200. Since Mr. Moulton had visited the site and was aware that the property was used only as a storage facility, one victimized by vandals, he did not believe that the actual value of the contents matched the scheduled value. He therefore requested an inventory list itemizing the property stored at the school.

In response, Mr. Coleman went to the Finance Department and was given whatever fixed assets reports were in the school's file. He assumed that these reports were current. However, our investigation has revealed that the reports used were not accurate. In September, 1992, Ms. Rose Drill-Peterson supervised the distribution of certain items at the school site to various schools in need of equipment. At that time, Ms. Drill-Peterson recorded on a 1992 fixed assets report which items were taken by which school. However, it appears that these revisions were never reflected in subsequent fixed assets reports. It should be noted that Ms. Drill-Peterson also recalls that there was property located at the school that was not recorded on the 1992 fixed assets report, including fifteen to twenty old pianos, thirty very old and many broken sewing machines, and two to three hundred desks. It is also apparent that the removal of property from the school due to the impending sale in 1993 was not recorded on subsequent fixed assets reports. Ms. Alice Rosenberg stated that she does not recall receiving the detailed information required in order to make revisions to subsequent fixed assets reports. Ultimately, it appears that Mr. Coleman received an inventory list that was inaccurate in noting both the property removed from the school and the property remaining in the school.

Mr. Coleman made three additions to the inventory list provided to Mr. Moulton which included pianos, sewing machines, and computer equipment. According to Mr. Coleman, these additions were made based upon the representations made to him by Mr. A. J. Simpson, Ms. Marilyn Degraese, and Mr. Joe Mills. Mr. Coleman stated that he added the sewing machines because Mr. Simpson and Ms. Degraese told him that the machines were stored at the school. Mr. Simpson maintains that he spoke to no one concerning the contents of the building at the time of the fire. Ms. Degraese also stated that she had no knowledge of what was in the building at the time of the fire, but that Mr. Coleman had told her that sewing machines were stored there. Ms. Drill-Peterson

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February 20, 1998  
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stated that she saw approximately thirty very old and many broken sewing machines in the building. As your preliminary report also notes, remnants of sewing machines were found in the building after the fire.

Mr. Coleman further stated that the computer equipment was added to the inventory based on a memorandum from Mr. Henderson. (See Exhibit A). We have attempted to contact Mr. Henderson and Mr. Gary Kaeber to investigate further the whereabouts of the computer equipment. Mr. Simpson stated that obsolete computer equipment had been left in the basement of the school. Mr. Simpson further noted that he removed everything of value from the building, except that he left furniture on the second floor due to unsafe conditions.

Mr. Coleman added the pianos to the inventory list based upon the representations made to him by Mr. Mills. Mr. Mills stated that he did tell Mr. Coleman that pianos were stored in the building. Mr. Mills further corroborated his statements made to Mr. Coleman in his memo dated November 13, 1995. He also stated that he was not coerced or induced into writing the memo. Dr. Kenneth Ducote stated that he spoke with Mr. Mills after the fire in order to place a value on the claim for the apparently destroyed pianos. It was not until Mr. Mills spoke with your investigators that he realized that the pianos had been removed from the school prior to the fire.

It thus appears that the value given for the contents of the building was incorrect. An outdated inventory list was used which inadvertently included property not actually on the premises. However, it also appears that property may have been located at the site that did not appear on the inventory list (e.g. desks, furniture, etc.). My conclusion is that both parties were extremely satisfied with the settlement of the building claim and therefore maintained little interest in concentrating on the smaller contents claim. At any rate, we are certainly prepared to renegotiate the contents claim with the insurance company, and I will recommend such action to the Board at its next meeting. We do note the discrepancy in the statements made by Mr. Coleman, Mr. Simpson, and Mr. Degraese, and we shall continue to investigate these areas and take whatever action may be appropriate.

Daniel G. Kyle, CPA, CFE

February 20, 1998

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I consider our investigation of this matter as ongoing and would appreciate the opportunity to supplement this response as more information is accumulated. In particular, I have requested information from Adjusters International regarding their fee structure for similar claims. I note your suggestion and will recommend to the Board that it implement policies and procedures to ensure that all future insurance claims include only assets actually involved in the loss and to provide for the hiring of independent contractors at rates commensurate with market rates and industry norms. Although the office of the Insurance Commissioner apparently does not maintain records or keep track of independent adjusters, we are continuing to seek out information on this issue. I delegated the insurance claim to Mr. James Henderson and Mr. Coleman. My only understanding is that the two insurance adjusters were to settle the claim. Finally, I am enclosing copies of all statements and correspondence which we have generated through the course of our investigation. (See exhibits).

Very truly yours,



Morris L. Holmes, III, D.

MLH:eda

cc: Mr. Bill Bowers  
Mrs. Wyatt V. Dejoie

February 17, 1998

**BY HAND:**

Dr. Morris L. Holmes  
 Superintendent  
 New Orleans Public Schools  
 3518 General DeGaulle Avenue  
 New Orleans, Louisiana 70114

Re: Preliminary Audit Report,  
 Rivers Frederick Middle School Fire

Dear Dr. Holmes:

I am writing to provide you with my response to the preliminary draft of the Legislative Auditors' report regarding the Rivers Frederick Middle School fire and subsequent insurance settlement. Before addressing certain specific findings and conclusions in that report, I must state that I find the report, taken as a whole, to be grossly unfair to me, both personally and professionally. The ultimate implication of the report is that I engaged in fraudulent activity to obtain money for the School Board. This is simply wrong. To suggest that I would commit a scheme implicating three other people would be absurd were it not so slanderous. What is evident to me is that the auditors began with the premise that there was something wrong with the settlement and then ignored all facts that did not support their foregone conclusion.

Having said that, I must point out the following undisputed facts:

1. The report's statement that it was upon my recommendation that the school board contracted with Adjusters International (AI) is not true. AI had contracted with the Board regarding the May 8, 1995 flood on May 23, 1995. AI was hired upon the recommendation of Paul Warwick. As can be seen from the minutes of the School Board meeting of September 11, 1995, the hiring of AI for the Rivers Frederick claim was viewed as nothing more than a modification of the first contract.
2. Midnight does make it easy to criticize the fee named by AI. However, at the time AI proposed to adjust the Rivers Frederick claim for a 6% fee, (a fee which was never questioned by anyone) the potential recovery was uncertain, and could have been as low as \$75,000, which would have resulted in a commission of \$4500.00 for AI. The commission

## Holmes?

on a recovery of \$75,000 would have been less than half of the commission earned by the adjusters for the insurers. More importantly, the decision to utilize a commission contingent upon recovery imposed no financial burden, or risk upon the Board.

1. As a final general point, I want to re-emphasize the fact that I had no dealings whatsoever with the adjuster for the insurance companies. If these companies were dissatisfied with the settlement, or had any reservations whatsoever about the property inventories, it was never made known to me. All that the insurers ever needed to do was to make those doubts known to the School Board, or alternatively, inform AJ that I wanted additional documentation regarding the losses, in the absence of which the settlement offer would be reduced.

The steps I took in compiling the property list ultimately furnished to the insurance companies are well known to the auditors, because I met with them on numerous occasions, and attempted to answer all of their questions. In the interest of completion however, I will re-listen below the steps that I took. Before doing so, however, I wish to point out that my department is completely dependent upon others when it obtains any information regarding fixed or movable assets. My department does not, and cannot conduct inventories, or verify inventories. And, as you are aware, my department does not receive property lists or physical inventories unless we request them.

Consequently, to suggest that I fraudulently disregarded the removal of property from Rivers-Friedrich is to ignore the actual facts, and the organization of the School Board. I simply took what I believed, to be a valid, current, asset list, and made three additions to it; these being pianos, sewing machines, and computers. These items were added because I was told that these items were stored in the basement. As can be seen from the September 18, 1953 letter from Adjusters International to me, GAB Hobbs, the adjuster for the insurance companies, wanted "an asset schedule for the location reflecting the contents found in each building."

In response to this request, I contacted Alice Rosenberg, and obtained from her an "asset list," which was on a computer print-out sheet. I was also told by people in my department that I should speak with A.J. Simpson, the furniture foreman, because he would know what was stored in the building.

I spoke with Mr. Simpson, who informed me that both pianos and sewing machines had been stored there. Although he did not know how many pianos had been there, he estimated that there were between 20 and 30 sewing machines there.

I also spoke with Marilyn DeCinas, of the vocational education department. She verified that sewing machines had been stored there, although she could not say precisely how many. She did indicate that there were 100's of sewing machines in the district, and that each school could easily have 50 or more.

As a best estimate, I used a figure in the middle of the range of 20 to 30 machines, this being 25. To obtain a "replacement value" for the machines, I used the purchase price listed on the invoice

Holmes3

dated 6/25/93.

With regard to the pianos, I spoke with Joe Mills, who advised me that there were between 7-12 pianos stored in the basement. Because the exact number could not be verified, I used the most conservative figure. As one piano was already on the asset list, I added only six more. The value used for each of the six additional pianos was taken from the value given for the one piano already on the asset list.

Finally, the computer equipment was added because I was sent a memo from Mr. Henderson (who had received it from Alton Rosenberg) indicating that certain computer equipment whose current whereabouts were unknown, had last been stored at the River Road Frederick site. The values assigned to this equipment were taken directly from this memorandum.

In sum, I did my best working against very short deadlines, to honestly and fairly represent the interests of the School Board, to try to obtain proper compensation for its losses. Like all settlements, the one made in this case contains compromises, compromises based on what was known at the time, not on opinions formed three years after the fact. Contrary to the conclusion of the auditors, the settlement is not the result of any fraud on my part, or, so far as I know, fraud on the part of anyone else.

Should you need anything further, please do not hesitate to call upon me.

Sincerely,

  
Carl Coleman

cc: Herbert V. Larson, Jr.