

Mr. Mel Blackwell
September 1, 2006
Page 2

Consortium, and Mr. Bohuchot have all established that the competitive bid process was followed. See the following attached exhibits: Exhibit A: Mr. Hinojosa's affidavit; Exhibit B: Mr. Martin's letter dated September 13, 2005; and Exhibit C: DISD's Investigation report on Mr. Bohuchot. Most importantly, the members of the DISD selection committee have repeatedly told investigators that neither Mr. Bohuchot nor anyone else influenced the contract award and procurement process in any way.

What your letter does say is that MSE allegedly provided tickets to Ruben Bohuchot. This allegation, you state, "calls into question the accuracy of the representations you made to USAC." But, as far as I know, Mr. Bohuchot was not in the purchasing department at DISD, and had no role whatsoever in the bidding or award of the E-rate contract. You then conclude by citing to the competitive bid process regulations and forms that DISD, not MSE or the Consortium, must certify to be awarded E-Rate funds. However, you cite no evidence of any link between any alleged gifts and the competitive bid process. None. This is because there is not one single person or document indicating that the E-rate bidding process was anything other than a fair and open competitive bid. Nor is there evidence that links the alleged gifts mentioned in your letter to the competitive bid process regulations set forth in paragraph 5 of your letter.

It is our understanding that there are also numerous documents that prove the process was properly followed, including DISD's evaluation of the responses to the DISD RFP. Even USAC's own NECA auditors came in before the project started, because of a whistle-blower complaint, and found no evidence of wrongdoing. See Exhibit D, *Dallas Morning News* article dated September 4, 2004. This article even quotes you on the "rigorous system of certification that is filled with checks and balances," which USAC enforces. As you are fully aware, the Consortium's bid was not only the lowest bid, but the Consortium even returned \$10 million to USAC due to a decrease in quantities of equipment actually required and a reduction in market prices for certain equipment between the time of the proposal and the start of work on the project which the Consortium passed along to DISD. See correspondence to Mr. McDonald attached as Exhibit E. Again there is no evidence of any wrongdoing to support a decision to withhold funds.

You also make a comment about Mr. Bohuchot no longer being employed by DISD. While that is true, it is not because he was fired for any wrongdoing. The truth is that he resigned with pay and a favorable job recommendation. See *Dallas Morning News* article dated November 18, 2005, attached as Exhibit F. He was not fired from DISD for any violation of DISD policy or any federal regulation. See Exhibit F.

Finally, you state that USAC is withholding payments as a result of information indicating a lack of compliance with FCC rules and applicable requirements. The only FCC rules cited in your letter, however, refer to the fair and open competitive bidding requirements. Again, repeated investigations and audits have concluded that the DISD E-rate bid process was conducted consistent

Mr. Mel Blackwell
September 1, 2006
Page 3

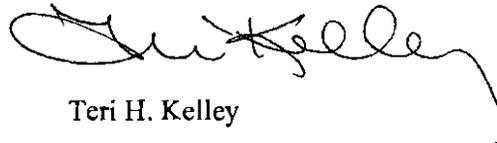
with prior practice and that there was no influence over the process. The selection committee used price as the primary factor in selecting the winning bid, the bids were evaluated by a diverse selection committee, and the lowest bid won.

Your decision to withhold money from a consortium including small minority-owned companies who have already provided materials and services to the DISD schools is arbitrary and capricious and is not based upon *any evidence* linking any alleged gifts to Mr. Bohuchot with the competitive bid process. You may want to ignore all the evidence, but we do not believe the FCC or any court of law will.

Please let us know on or before Friday, September 8, 2006, if you will reconsider your decision to withhold payments due to the Consortium. We would be happy to meet with you to discuss this matter. I await your response.

Very Truly Yours,

FORREST & KELLEY, L.L.P.



Teri H. Kelley

THK:ach
Enclosures

Cc: Dave Capozzi, USAC
John Martin, Counsel for DISD
MSE

AFFIDAVIT OF MICHAEL HINOJOSA

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared MICHAEL HINOJOSA, who being by me duly sworn, on oath, stated as follows:

1. I am Michael Hinojosa. I am over the age of twenty-one (21) years old and am competent to make this Affidavit. I have personal knowledge of the facts set out herein.
2. I am General Superintendent of the Dallas Independent School District.
3. Beginning in mid-summer, the District conducted an investigation into the activities of Ruben Bohuchot, Assistant Superintendent—Technological Services. This investigation included inquiries into the bidding process for E-rate program and the award of the contract to the Consortium.
4. The investigation continued after the August 10 report from Mary Roberts, Deputy Superintendent—Employee and Safety Services, to Jack Elrod, General Counsel, a copy of which has been furnished to you.
5. This investigation established that there were no violations of federal or state procurement laws in connection with either the letting of the bids, the acceptance of the bids, or the awarding of the contract for the E-rate program.
6. In signing this Affidavit, I consulted with John Andrew Martin, Esq., outside counsel to the District. Mr. Martin has been involved for over three weeks in advising the District with respect to this investigation and has had limited participation in it himself. He is quite knowledgeable about our E-rate bidding process, including the awarding of the contract to

AFFIDAVIT OF MICHAEL HINOJOSA -

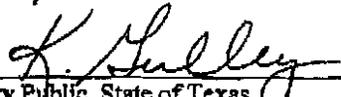


Page 1

the Consortium. He advised me that the facts stated in paragraph 5 are true and correct. And on his advice and knowing nothing that is contradictory thereto, I have executed this Affidavit.

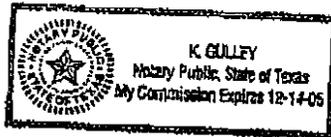

Michael Hinojosa

SUBSCRIBED and sworn to this 16 day of September 2005, to certify which witness my hand and seal of office.


Notary Public, State of Texas

My Commission Expires: 12-14-05

656328.1

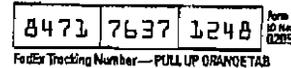


CARRINGTON
COLEMAN
SLOMAN &

BLUMENTHAL L.L.P. 200 CRESCENT COURT, SUITE 1500 • DALLAS, TEXAS 75201-1848 • TEL 214 855-3000 • FAX 214 855 1333

ATTORNEYS AT LAW

September 13, 2005



Via Federal Express 847176371248

Mr. Mel Blackwell
Acting Vice President
Schools and Libraries Division
Universal Acceptance Administrative Company
2000 L Street, N.W., Suite 200
Washington, D.C. 20036

JOHN ANDREW MARTIN
BOARD CERTIFIED
CIVIL TRIAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION
TEL: 214 855 3030
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E-MAIL: JDMARTIN@CCSB.COM

RE: Dallas ISD and the E-rate Contractors Consortium

Dear Mr. Blackwell:

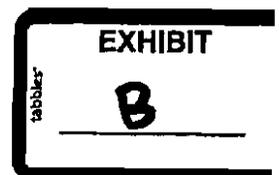
In the next to the last paragraph of your letter of August 12, 2005 to DISD's Superintendent Michael Hinojosa, you asked for three things:

1. That the DISD address in writing the issues raised in newspaper articles that had appeared in the *Dallas Morning News* from July 23, 2005 through July 25, 2005. (As you are probably aware there have been a series of articles since then.)
2. You asked for a copy of a November 2003 memorandum from former DISD Superintendent Mike Moses to the DISD Trustees concerning allegations that Mr. Bohuchot received gifts and trips.
3. You asked for an explanation of why the DISD suspended Bohuchot and an estimate of how long the suspension was expected to last.

1. The News Articles and DISD's Investigation. We are enclosing a report entitled "Bohuchot Investigation & Summary of Facts and Conclusions." This contains a detailed account of the way the DISD addressed the allegations against Bohuchot. Of particular interest to the Schools and Libraries Division are the first sentences of paragraph 1 and of paragraph 8 of "Conclusions," which read as follows:¹

1. After the initial interviews, it appears that there is no conclusive proof that Mr. Bohuchot unduly influenced

¹ See pp 10-13 of the Report—"Interview with Roland Taylor: Contract Administrator with DISD Purchasing Department.



Mr. Mel Blackwell
September 13, 2005
Page 2

the procurement process, although he had detailed involvement in the preparation of specifications for the process and he served as a technical expert for the process that led to the selection of the vendor MSE.

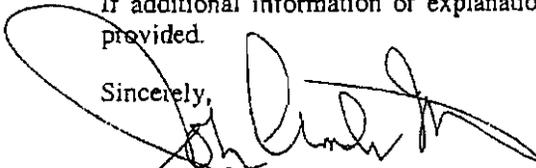
8. Interviews with staff of Purchasing Department and members of the selection committee seem to indicate that the procurement process was operated consistently with prior practice, and that Mr. Bohuchot did not influence the process in favor of MSE.

2. The Moses Memo. Enclosed is the relevant portion of the November 21, 2003 memo from Dr. Moses to the DISD Board. The pertinent provision is "3. External Audit." Mr. Bohuchot is not named there, but he is the associate superintendent for technological services and is the subject of paragraph 3 of Dr. Moses' memo.

3. Bohuchot's Suspension. In his letter to you of August 26, Superintendent Hinojosa stated that the suspension was based upon the matters asserted in the DMN articles, which if true, would violate DISD policy and perhaps constitute a criminal offense. Basically the policy violations are accepting benefits from vendors, his failing to cooperate with the investigating agents or officials and making intentional falsifications, misstatements or concealments of material facts in connection with the investigation². And, finally, his failure to avoid any conflict between his personal interests and those of the District in dealing with vendors and his failure to avoid even the appearance of a conflict of interest in such dealings

If additional information or explanation is needed, it will be promptly provided.

Sincerely,



John Andrew Martin

JAM/bsyn
Enclosure

² The numerous discrepancies between his answers during the initial interview (conducted on Thursday, July 22) and those during the follow-up interview (conducted on Tuesday, July 27) can be explained by the DNM reporters' confronting him with the facts and printing the lengthy article on Saturday, July 24)

**Dallas Independent School District**

August 10, 2005

TO: Jack Elrod
General Counsel

FROM: Mary Roberts, Deputy Superintendent
Employee and Safety Services

SUBJECT: Bohuchot Investigation & Summary of Facts and Conclusions

This memorandum, with attachments, presents an Executive Summary and DRAFT report of the investigation of Mr. Ruben Bohuchot, Associate Superintendent, Technology Services regarding alleged violations of the Conflict of Interest policy DBD (Local) and policy DH (Local) of the Dallas Independent School District. This investigation is restricted to allegations of administrative policy, and all data gathered, facts obtained and documents received have been reviewed and analyzed to determine whether either of the stated policies has been violated.

During the course of our administrative investigation, where information received or documents collected point to possible criminal violations, such information or documents will be made available to relevant law enforcement agencies in order that appropriate actions can be taken.

The text and details of the interviews conducted with responses to the standard questions are incorporated into our report. Any follow up interviews are identified along with the questions and responses engaged in those interviews as well.

An interview transcript is included involving Bryan Jones and Bill Rudolph of KPMG who were involved in the prior investigation of Mr. Bohuchot. The interview questions and the related responses are included in this report. Our assessment of the responses to the questions only confirms our conclusions. While they offered some recommendations, it goes on to reinforce the fact that Mr. Bohuchot was aware of the district's policy regarding conflict of interest and how his behavior and interactions with clients, particularly MSE and Frankie Wong presented the appearance of a conflict of interest which violates the district's policy.

We have included a general summary and conclusions that offer direction for actions that might be taken relative to our findings. With the presentation of this report, the administrative investigation of these events and allegations will be closed, until we are directed to do otherwise.



Dallas Independent School District

Executive Summary

The Human Resource Services staff was challenged with conducting an investigation alleging Ruben Bohuchot, Associate Superintendent, Technology Services had received gifts and favors from a vendor. It was also alleged that Mr. Bohuchot had influenced the procurement process that yielded the selection of MSE as the vendor to provide specified technology services regarding an E-rate project that started in 2003.

The investigation involved the following:

1. A review of documents outlining allegations of suspected violations of DISD Board Policy DBD (Local);
2. The report of an initial interview with Mr. Bohuchot dated July 22, 2005 and a follow up interview with Mr. Bohuchot dated July 27, 2005, including the questions and Mr. Bohuchot's responses;
3. The report of two interviews with Purchasing Department staff members regarding the procurement process followed during process for procuring the vendor for the E-rate program. The first interview was conducted on July 25, 2005, and the second interview was conducted on August 2, 2005;
4. The report of interviews conducted with the members of the vendor selection team;
5. A review of documentation received in conjunction with the interviews conducted with Mr. Bohuchot and the staff members of the Purchasing Department; and
6. An interview with Bryan Jones and Bill Rudolph of KPMG, the two who were involved in the prior investigation of Mr. Bohuchot.

Each set of interviews followed a prescribed set of questions and the responses to each question. The policies alleged to have been violated are:

1. DBD (Local), which states, in relevant part, that "Individuals shall avoid any situation that would in their having a pecuniary or material interest in firms or corporations doing business with the District". This policy further states, regarding relationships with vendors, that employees who are buyers or who influence buying "shall refuse anything - gift, service, or consideration - other than an advertising novelty such as a paperweight, key chain, or coffee mug with an apparent value of \$25 or less". In addition the policy states "dinners and other forms of evening or weekend entertainment almost always are prohibited". Regarding Conflict of Interest policy DBD (Local) states that "a 'conflict of interest' is any circumstances that could cast doubt on an employee's ability to act with total objectivity with regard to the District's interest's" and that "employees and board members just conduct themselves in a manner that avoids even the appearance of conflict between their personal interests and those of the District", [See BBFA (LEGAL)(LOCAL)]
2. DH (Local) outlines an employees' duties during an investigation. The relevant part of this policy indicates that an employee must "cooperate with the investigative process through answering questions, furnishing written statements, volunteering information important to the investigation, etc." [See CHE(LOCAL) and (REGULATION)]



Dallas Independent School District

Conclusions

1. After the initial interviews, it appears that there is no conclusive proof that Mr. Bohuchot unduly influenced the procurement process although he had detailed involvement in the preparation of the specifications for the process and he served as the technical expert for the process that led to the selection of the vendor MSE. The information provided in the "Interview Reports" can be compared with other accounts and details provided through the Dallas Morning News article accounts and other information provided. This interview was conducted by Mary Roberts, Deputy Superintendent, Employee and Safety Services; Jack Elrod, Chief Attorney for the District; Gary Hodges, Deputy Chief, DISD Police Department; and Troy Coleman, Associate Superintendent, Human Resource Services.
2. There is, however, some concern raised regarding Mr. Bohuchot's relationship with Frankie Wong, MSE owner and how that relationship may have impacted processes and outcomes of the procurement for the E-rate project. Concerns are also raised regarding the documented activities associated with the owner of MSE, the timing of events and the initiation of Mr. Bohuchot's relationship with the vendor, the ultimate outcome of the vendor selection process, and fundamentally Mr. Bohuchot's admission that he received "gifts" from the vendor/owner of the company. While the general nature of the relationship between Mr. Bohuchot and Mr. Wong was explained by Mr. Bohuchot, the impact or influence that this friendship might have had on the particular procurement was not clearly determined.
3. To make for a more complete investigation of this matter, it is recommended that the owner of MSE, Frankie Wong, be contacted and interviewed to determine his knowledge of DISD rules regarding "conflict of interest", instructions or guidance he or members of his MSE staff might have received from Mr. Bohuchot in the process of developing their response to the RFP documents, the relationship between he and Mr. Bohuchot, the dates and timeframe regarding the relationship between Mr. Wong and Mr. Bohuchot, Mr. Bohuchot's knowledge of Statewide Marketing and any ownership that he might have in that company, and whether Mr. Wong knowingly provided privileged access or gave gifts to Mr. Bohuchot as a means of gaining favor in the selection or procurement process.
4. In the initial interview, Mr. Bohuchot stated he had not received or accepted "gifts" from MSE or Frankie Wong. He indicated that he did not know who Statewide Marketing, LLC was. In the second interview, Mr. Bohuchot indicated, in a very detailing statement, that he had received "gifts" from Frankie Wong. He also indicated with reference to Statewide Marketing, LLC, that "they own the boat". The changes in his statements cause some concerns for his veracity, and may indicate a need to inquire further into other issues such as Mr. Bohuchot's ownership in the boat or boats, the Sir Veza and the Sir Veza II, his relationship with Statewide Marketing, LLC, and whether there is any current or promised pecuniary interest in MSE, Statewide Marketing, LLC or other similarly related companies owned or controlled by Frankie Wong.
5. During the process of the interviews, Mr. Bohuchot repeatedly attempted to distinguish between activities and circumstances that involved his personal relationship with Frankie Wong, owner of MSE, and his business relationship and role as a DISD administrator in conjunction with a DISD vendor. Mr. Bohuchot is a DISD employee and therefore subject to the policies that govern employee conduct, DBD (Local).



Dallas Independent School District

6. Mr. Bohuchot repeatedly asserted that "I did not accept any gifts", and that "I paid 'my part' of the expenses for the trip", but that he did accept an invitation to go to Key West from Frankie Wong. Mr. Wong has indicated, by newspaper accounts, that he paid the entry fees to the fishing tournament in Key West. When asked why he chose not to disclose his participation in recreational fishing outings on the Sir Veza to the KPMG auditors in a prior investigation, Mr. Bohuchot indicated that "I answered every question they asked. That question was not asked". There are two Conflict of Interest Statement forms signed in his Personnel File, the first was dated November 10, 2000, the second was dated May 10, 2005. After requesting copies of receipts and other documents to verify that he paid his expenses pursuant to the trips or entertainment events involving Frankie Wong, Mr. Bohuchot indicated "that's my personal business. What I do on my own time is my personal business". While Mr. Bohuchot is an employee of the district, and while he is engaged in negotiations of business and the management of procurement of business projects that involve MSE, the activities and entertainment events and their costs and expenses are virtually inseparable and represents a perception of "conflict of interest". Board Policy DBD (Local) indicates that "employees and Board members must conduct themselves in a manner that avoids even the appearance of conflict between their personal interests and those of the District".
7. As we moved toward concluding this phase of the investigation, an employee in the Purchasing Department raised the issue that she had been offered gifts for dinner and tickets to a concert by MSE. These two gifts were refused and returned to MSE. The questions at this point are to determine to whom this incident was reported, and what action, if any was taken as a result of the employee having made this set of events known? It is suggested that this specific concern should be reviewed and investigated as part of any criminal investigation since the matter may seem to constitute bribery.
8. Interviews with staff of the Purchasing Department and members of the selection committee seem to indicate that the procurement process was operated consistently with prior practice, and that Mr. Bohuchot did not influence the process in favor of MSE. However, questions have been raised by other vendors that did not participate in the complete process. At least one vendor complained that "MSE or whoever Ruben is working with is all in the know and has a quote prepared". It was also noted that at least one complaint raised the concern that the timeframe for responding to the RFP was too short, and in essence, that the playing field was not level. The complaints from other vendors, though it has been deemed typical, raise concern about the perceived fairness of the procurement process. Additional concerns have been raised by the Purchasing Department staff about the "push" to get the recommendation for the vendor on the Board Agenda by a specified date, and that equipment may have been purchased and installed prior to the date the project was to have been formally approved by the Board of Trustees.
9. Varied (inconsistent) responses to questions in the interviews raise questions about Mr. Bohuchot's veracity. The "gifts" were received on numerous occasions over time by Mr. Bohuchot from Mr. Wong or MSE represent violations of Board policy DBD (Local). The information received to date indicates that due to a lack of judgment or personal oversight, the receipt of "gifts" violates Board Policy DBD (Local). The fact that Mr. Wong offered those gifts and provided conveniences appears to be in contradiction with the attestations and agreements he signed when initiating the contract with the district.



Dallas Independent School District

10. The refusal to produce documents that are deemed to be important to the conduct and conclusion of an investigation might be considered insubordination and should be addressed accordingly. Mr. Bohuchot refused to sign the Administrative Statement document that was offered him at the start of the July 27, 2005 interview. Based on Board Policy DH (Local), Employee Standards of Conduct, the refusal to produce information and to participate in an investigation constitutes insubordination and is grounds for termination. The policy indicates "the employees shall comply with the standards of conduct set out in this policy and with any other policies, regulations, and guidelines that impose duties, requirements, or standards attendant to their status as District employees. Also, the employee is expected to cooperate with the investigative process through answering questions, furnishing written statements, volunteering information important to the investigation. Violations of any policies and guidelines may result in disciplinary action, including termination of employment. His refusal to produce requested documents should be addressed as a violation of policy DH (Local).
11. One employee of the Purchasing Department who had been involved in the procurement process reported that she had been offered tickets to a concert at American Airlines Center. This employee also indicated that she was offered dinner reservations that were valued at \$100. This employee returned the concert tickets, and she returned the dinner reservations without accepting either gift offer. The critical question at this point that has not yet been answered is "what actions were taken once Purchasing Department and District administrators were made aware of the gift offers?"
12. Based on the recent interview with Mr. Jones and Mr. Rudolph of KPMG, we conclude that their responses to our prepared questions further confirms our conclusions that Mr. Bohuchot knew that his relationship with Frankie Wong of MSE and with other vendors presented a situation that appeared to be in conflict with DBD (Local). Their statements went on to discuss the concerns they raised about the frequency, timing and the appearances presented with Mr. Bohuchot's relationships with these vendors. Other issues of focus in their responses identified the need to take extra precautions to make sure that Mr. Bohuchot and other DISD employees and managers would be advised and held accountable for their behavior and relationships in light of DBD (Local).

Recommendations

1. The district should review the details of the investigation regarding events and relationships that are alleged to have impacted the procurement process that yielded MSE as a vendor to deliver services for the 2003 E-rate project. Concurrently, it is vital that the district review subsequent information gathered and the results of interviews pertaining to concerns raised about process management and the possible influence of Mr. Bohuchot on later bid processes also involving MSE with the district.
2. It is recommended that administrative actions to be taken regarding Mr. Bohuchot should be taken only with respect to violations of Board Policy based on confirmed information and evidence collected to date. Where disciplinary action is appropriate, it should be directed to the apparent violations of policy DBD (Local) and Policy DH (Local). No other actions should be taken until we are notified of the conclusion of the criminal investigation.



Dallas Independent School District

3. As the District's incoming CFO begins tenure with the district, it is imperative that a detailed review of the prevailing procurement and bid processes, including the related roles of staff in those processes, should be reviewed and modified accordingly. The results of this review should reinforce safeguards that established procedures will be followed and documented consistently with each bid/procurement process protecting those processes from collusion, bribery, or undue influence.



Dallas Independent School District

Investigative Report

In this report are the interview questions presented to Mr. Bohuchot and the responses offered by Mr. Bohuchot on Friday, July 22, 2005. Also attached are the questions and the responses from the interview conducted with Roland Taylor of the Procurement staff. The focus of the interview was to ascertain the nature of the selection of vendors during the procurement process that yielded MSE as the contractor, and to identify the role played by Mr. Bohuchot during that process.

In addition, this memorandum concludes with a summary of facts and a presentation of recommended next steps in the process of review and investigation. There are points that appear to be answered in the process of reviewing documents available through newspaper accounts, the personal interviews conducted, and the review and comparison of events and details with policy DBD (Local).

Interview with Ruben Bohuchot, Associate Superintendent, Technology Services

These interview questions are presented in conjunction with the Dallas Independent School District's investigation into allegations of Conflict of Interest involving Ruben Bohuchot, Associate Superintendent, Technology Services. The questions are prepared and presented as part of the district's ability to ensure compliance with Board Policy DBD (Local), Employment Requirements and Restrictions: Conflict of Interest. The questions and any relevant follow up questions for clarification purposes were posed to Mr. Bohuchot. His responses to the questions are presented in bold type.

1. Are you familiar with Board Policy DBD (Local)? Please explain.

Yes, in general.

2. Have you signed a Conflict of Interest Statement Policy pursuant to your appointment as a Cabinet Member of the Dallas Independent School District during any time you have been employed with the district?

Yes.

3. Explain what you know about the company Statewide Marketing?

I don't know who Statewide Marketing is.

4. What is the nature of the relationship you have with Statewide Marketing?

I don't know who Statewide Marketing is.

5. Does Statewide Marketing conduct business with the Dallas Independent School District? If so, what is the nature of that business?

I don't know who Statewide Marketing is.



Dallas Independent School District

6. Describe the details of any relationship, business or otherwise, you may have with MSE or any of the officers or employees with MSE.

Frankie Wong, President of the company is my personal friend.

7. Have you, at any time, received any gift, dinner or any type or form of entertainment that was paid for, in part or in whole, by MSE or any officer, owner or employee of MSE?

Yes. I was invited to play golf, have dinner, have lunch, and attend a Yankees ballgame by Frankie. I attended a Houston ballgame, but that was sponsored by HP, not MSE.

8. What is your typical role in formal procurement processes you are expected to participate in due to your formal position as Associate Superintendent, Technology Services?

There are three parts to the procurement process:

- a. **Discovery**
- b. **Issuance of the procurement document**
- c. **Vendor selection**

I spent 2 and a half years in the building and discovery process that involved meetings with a number of vendors such as HP and Minolta. I went to Galveston to see a solution installed by Xerox and had breakfast, lunch and dinner with them during that process.

- a. **We crafted the "Request For" document**
- b. **The selection committee was identified**
- c. **The "Request For" document was given to the committee**
- d. **We had meetings to discuss details of the process**
- e. **We prepared questions about the technical issues**
- f. **We confirmed that I had no more contact with the potential vendors**
- g. **The list of vendors was selected**
- h. **Interviews were held with the vendors**
- i. **The contract was negotiated**

During the last three phases of the procurement process I had no contact with the vendors.



Dallas Independent School District

9. Have you in any way, by indirect influence, by direct order, or by professional counsel, represented the DISD's interest so as to favor MSE in the competitive or non-competitive bidding or business procurement processes?

No.

10. Did you disclose your participation in recreational fishing outings on the Sir Veza to the KPMG auditors in a prior investigation?

No.

11. Did you personally pay for any expenditure for travel, lodging, meals or any type of entertainment you incurred or were to have incurred during those recreational fishing outings?

I will not answer that question.

12. To the best of your knowledge, who owns the Sir Veza and the Sir Veza II?

Frankie does.

13. How do you interpret your having accepted fishing trips on the Sir Veza and the Sir Veza II or other trips with Frankie Wong or any other activities with MSE in light of your having signed the Conflict of Interest Statement Policy form?

I accepted a fishing trip. I did not accept the fishing trip as an employee of the district. I accepted the trip as a friend of Frankie Wong.

14. For any fishing charters or related entertainment you may have engaged in at the invitation of officers, owners or employees of MSE, did you report any costs associated with the charter or any related expenses from MSE as taxable income? Please explain your answer in detail.

I did not go on any charters. I went on fishing trips with Frankie Wong.

15. Do you have, and will you produce any receipts, credit card statements, frequent flier program records, or any type of documentation to support the representation that you paid your own expenses on any fishing trips or other entertainment outings sponsored by MSE?

I did not accept any gifts from MSE.

16. Can you produce documentation verifying that you paid for travel or any other expenses for a recent trip to Key West, any of your expenses for the 2004 Key West Marlin tournament, your expenses for the trip to look at the Sir Veza in Fort Lauderdale with Frankie Wong?

I did not accept any gifts from MSE.



Dallas Independent School District

17. Do you have any ownership interest, membership or any other affiliation with Statewide Marketing, LLC?

No. I don't know who Statewide Marketing is.

Date July 22, 2005

Interviewers:

- Mary Roberts
- Jack Elrod
- Gary Hodges
- Troy Coleman

Interview with Roland Taylor: Contract Administrator with DISD Purchasing Department

In speaking with Mr. Taylor, the following specific questions (shown in bold) were asked. The answers are also provided.

1. **Who was on the SELECTION COMMITTEE for procurement involving MSE & the Consortium?**

Name	Organization
Ruth Foreman	Member of MWBE (Has been gone from the District for approx. 1 year)
David Boggs	Tech Wide Area Network (WAN)
Skip Cunningham	Tech Wide Area Network (WAN)
Monroe McDaniel	Lincoln H. S.
Tim McCuiston	Tele-Communications
Alden Gaw	Network Services

During the procurement process, committee members were chosen by either Ruben Bohuchot or Alden Gaw or by both, according to the skills needed during the project, and the names were submitted to Mr. Taylor. Someone from MWBE (Minority Business Women Enterprise) will always be on a selection committee for contract awards. The number of committee members, either 5, 12 or 15 people, is dependent upon the size of the award.

2. **What was the process for selection of Vendors for contracts?**

- Committee Members evaluate incoming proposals and then score them according to specific criteria.
- Submit the scores to Roland Taylor for review
- If there are no questions to be answered (by vendor, etc.), Mr. Taylor then tallies the total scores of proposals
- Mr. Taylor then recalls the committee to again review the scored proposals to place them in a ranking order.



Dallas Independent School District

3. What was the role each committee member played?

All members were involved in the initial scoring and ranking of the vendors RFP (Request for Proposal).

4. What was the role Ruben Bohuchot played regarding input for the ultimate Vendor selection?

Mr. Taylor stated that Ruben Bohuchot did not participate in the vendor selection. Mr. Bohuchot did however attend the Pre-Proposal meeting to answer any technical questions the committee might have, he had no other involvement beyond that.

5. What contracts were awarded to the MSE Consortium?

The ONLY contract awarded to the Consortium was an E-rate program. This program is federally funded to assist schools and libraries by improving their technology, e.g. infrastructure, internet access, etc.

6. What type of contracts were they?

Answered in question #5.

7. What type of work, or equipment provided, was to be performed by MSE?

Network cabling, network servers, email systems, network electronics, web access portal.

8. What was the value (cost) of the contract?

The estimated contribution by DISD is \$20,000,000. The E-rate program funds 80-90% of the project.

Mr. Taylor believed the total amount of this project was \$120,000,000.



Dallas Independent School District

The following information was also derived from the interview with Mr. Taylor:

- After contracts are awarded, Mr. Taylor stated that once the Pre-Proposals meeting has been completed, the Vendors are NOT ALLOWED to contact or talk with the departments, or any Board member, they are doing business with. (Special Note: Talking with the departments or Board members outside of the purchasing department is grounds for disqualification of the vendor).
- Mr. Taylor said that a couple of times vendors have called and said they spoke with "Ruben" and were told to contact him.
- Mr. Taylor said that the events of this particular proposal moved very quickly. He said that Ruben Bohuchot contacted him and submitted his request. The dates are as follows:

Event	Date
RFP Release Date	December 17, 2002
Pre-Proposal Conference	December 27, 2002
Deadline for Questions	December 30, 2002
Proposal Due Date	January 7, 2003

- On January 30, 2003, the Board gives approval to "Negotiate and enter into a contractual agreement" with the vendor.
- Mr. Taylor said that the process for a contract this large usually takes 3-4 months to complete.
- Mr. Taylor said that Ruben Bohuchot called him continually to rush the process through quickly and get it to the Board for approval. Mr. Taylor said the reasons given by Mr. Bohuchot was that there were deadlines that had to be met for the E-rate program.
- Mr. Taylor said that after the Board gives approval to "negotiate and enter into a contract" with the vendor, the real contract negotiations begin.
- Contract negotiation members were:

DISD	MSE
Roland Taylor	Frankie Wong
Allen Gaw	Blair Thomas
Ruben Bohuchot	

(No attorneys for either side were present at these negotiations)

- After approval of the "negotiation to enter contract", the "Statement or (scope) or work was changed during the negotiations and were included in the "contract".
- Mr. Taylor said that this is not uncommon and that in most cases, the District gets more than was stated in the RFP.



Dallas Independent School District

- Negotiation meetings were held at Service Center II and all parties were contacted by Roland Taylor to set up the dates and times of the meeting.
- Ruben Bohuchot and Alden Gaw did the majority of talking during the negotiations.
- Mr. Taylor felt like they were getting the "Most" for the District.
- Mr. Taylor said that he sometimes asked the vendor questions over the telephone. He did not know if Mr. Bohuchot or Mr. Gaw called and asked the vendor questions or not.
- Mr. Taylor said that some meetings were conducted during lunch and that lunch was generally provided from Jason's Deli. The meals were ordered by phone and either they were picked up (by district personnel) or delivered and paid for by Ruben Bohuchot or DISD funds.
- Once the meeting was adjourned, Mr. Taylor said that he had "no more contact with anyone involved in the negotiations".
- Mr. Taylor said that negotiations were completed and a "Contract Draft" was turned in to the Legal Dept. on 10-20-03 for their review.
- The contract was reviewed by legal, the final product was returned to Mr. Taylor and he forwarded it to MSE for their approval and signature.
- The signed contract was returned to Mr. Taylor and he presented the package to the Board sometime in December 2003.
- The final contract was ratified by the Board on January 29, 2004.
- The contract was then administered within the department usually by no one lower than a Director.

Interviewer: Ed Morris

Date: July 25, 2005



Dallas Independent School District

Summary

It appears that there is no conclusive proof that Mr. Bohuchot unduly influenced the procurement process although he had detailed involvement in the preparation of the specifications for the process and he served as the technical expert for the process that led to the selection of the vendor. The information provided in the "Interview Transcripts" can be compared with other accounts and details provided through the Dallas Morning News article accounts and other information provided.

There is, however, some concern raised as to Mr. Bohuchot's relationship, the documented activities associated with the owner of the contracted vendor, the timing of events and the initiation of the Mr. Bohuchot's relationship with the vendor, the ultimate outcome of the vendor selection process, and fundamentally Mr. Bohuchot's admission of receiving "gifts" from the vendor/owner of the company.

It is recommended that the owner of MSE, Frankie Wong, be contacted and interviewed to determine his knowledge of our rules regarding "conflict of interest", instructions or guidance he or members of his MSE staff might have received from Mr. Bohuchot in the process of developing their response to the RFP documents, the relationship between he and Mr. Bohuchot, the dates and timeframe regarding the relationship between he and Mr. Bohuchot, his knowledge of Statewide Marketing and any ownership that he might have in that company, and whether he knowingly provided privileged access or gave gifts to Mr. Bohuchot as a means of gaining favor in the selection or procurement process.



Dallas Independent School District

FOLLOW UP INTERVIEW

These interview questions are presented as a follow up to the July 22, 2005 interview in conjunction with the Dallas Independent School District's investigation into allegations of Conflict of Interest involving Ruben Bohuchot, Associate Superintendent, Technology Services. The questions were prepared and presented as part of the district's ability to ensure compliance with Board Policy DBD (Local), Employment Requirements and Restrictions: Conflict of Interest. The questions and any relevant follow up questions for clarification purposes were posed to Mr. Bohuchot. In conjunction with this interview, Mr. Bohuchot was asked to review and sign an Administrative Statement form verifying and attesting to the truthfulness of statements given in response to the questions. A copy of this form will be maintained with other documents associated with this investigative process. Mr. Bohuchot chose not to sign the form. The interview was held at 11:00 AM on July 27, 2005.

1. Since you signed your last Conflict of Interest Statement, has there been any change in your business relationships that might jeopardize the accuracy of your attestation?

No.

2. In our previous interview you indicated that you had played golf with Frankie Wong, had dinner and lunch with Frankie Wong on various occasions, attended a Yankees ballgame with Frankie Wong, and that you had accepted a fishing trip. As an employee of the Dallas Independent School District, how do you separate having participated in these events or outings from your friendship with Frankie Wong?

I never accepted a fishing trip as an employee. I have gone on trips (four or five times a year). The last time was about a year ago. The trip was based on my friendship. I played golf with him at golf tournaments; twice at the Superintendent's Golf Tournament, and I have played with him at golf tournaments that he has for his clients. I went to the Yankees ballgame with Frankie which he offered to other people in my department – other DISD employees. I have had dinner with Frankie and his wife and my wife, with his family and my wife. At the dinners he paid for some and I paid for some. Some of the lunches he paid for and some I paid for, and I have paid for lunches with other vendors.

I have met people for coffee or breakfast, including other vendors and Frankie – la Madeleine on Balt Line is a favorite place. I paid for some of those coffees.

3. When asked about producing receipts verifying that you paid for travel and other expenses related to fishing trips taken or other outings sponsored by Frankie Wong or MSE, you indicated that you did not accept any gifts from MSE. How do you distinguish making the statement that you attended ball games and had dinners and lunches with Frankie Wong and having gone on fishing trips with Frankie Wong and later indicating that you "did not accept any gifts from MSE?"

Frankie Wong invited me and others in my department and other DISD individuals. We went on the trip. He made the offer as a friend to me, but he was a DISD vendor to others in the group. I did not accept gifts from MSE or Frankie Wong.



Dallas Independent School District

4. Have you accepted any "gifts" from Frankie Wong or MSE or any of MSE's officers, employees, or associates?

I did not accept any gifts. I have exchanged Christmas presents and birthday presents with Frankie. I have given him a book.

5. Did you go to a Key West Marlin tournament in 2004? If so, did you personally pay for any related expenses to and from the site of the event, and did you personally pay for meals, drinks, tournament entry fees, or other items of expense incurred during that trip?

I paid for 'my part' of the expenses for the trip. There was no carve out of expenses. I paid my part.

6. Did you accept an invitation to go to Key West from Frankie Wong?

Yes.

7. What do you know about the company Statewide Marketing, LLC?

They own the boat.

8. Why did you choose not to disclose your participation in recreational fishing outings on the Sir Veza to the KPMG auditors in a prior investigation?

I answered every question they asked. That question was not asked.

9. How did you advise any member of the vendor selection committee or the total committee for the procurement that resulted in MSE being awarded the contract? When did you have those conversations? How were technical questions posed and answered?

The selection committee asked questions and Alden and Jean and others answered the questions that were asked. I took no questions or calls during the process. Once the committee scored the vendor packages I could engaged again. The vendor selection yields the low price every time. None of the committee's selections were overturned. During that process, I had no discussion with any vendor.

10. Do you have any financial commitments with Frankie Wong where it is anticipated that you will receive compensation for finding business or brokering business relations with DISD or any other company for which MSE or Frankie Wong benefits?

No. Frankie is an HP Partner/Reseller since approximately mid year 2000.

11. When did you begin your friendship with Frankie Wong? How were you first introduced to Frankie Wong?

He came to my office and I actually threw him out of the office. He cold called me, came with a salesman that was [problematic] and I did not like the approach. So I threw them out. Frankie came back later with an appointment and he wanted to talk about doing business with DISD.



Dallas Independent School District

12. Do you have any financial interest in, or partial or full ownership in the Sir Veza or the Sir Veza II?

No.

13. As DISD Policy DBD (Local) references the avoidance of the "appearance of conflict between their personal interests and those of the District" how do you justify the apparent personal friendship between you and Frankie Wong and the trips and gifts you received as a result of this relationship?

I received hundreds of gifts. I have received approximately \$1.5 million that went to scholarships to students. Current vendors participate in the Superintendent's Golf Tournament annually. They pay a fee that goes to an annuity to fund two scholarships per high school. There is a gift that goes to City Park Elementary School that are gifts to two students every year. I have contributed personal money to make up dollar shortfalls. Vendors give gifts for the Ruben Bohuchot luncheon. All gifts are received and given as part of a scholarship program in the department.

14. Will you produce documentation verifying that you paid for travel or any other expenses for a recent trip to Key West, any of your expenses for the 2004 Key West Marlin tournament, your expenses for the trip to look at the Sir Veza in Fort Lauderdale with Frankie Wong?

That's my personal business. What I do in my own time is my personal business.

15. How would you characterize your influence in the writing of specifications in the procurement and the overall procurement process that resulted in MSE, the company owned by Frankie Wong, being granted the contract? When did you write the specifications and when were they delivered?

I already answered that. Frankie Wong got the award based on meeting the tech specs which were based on staff requirements and his company's capacity to deliver. He offered the lowest price. The Schools and Libraries Division (SLD) led by George McDonald investigated the process and suggested it was the best they had seen. After they interviewed me, they offered to take me to lunch.

Names of Interviewers: Mary Roberts, Jack Elrod, Troy Coleman

Date: July 27, 2005

*Interview w/ Brian Jones and
Mr. Rudolph - KPMG*

QUESTIONS

1. What were the reasons stated for wanting KPMG to conduct the investigation?

The reasons stated by Larry Groppe were to investigate the situation regarding recurring allegations regarding Reuben. There were anonymous letters about the procurement practices.

2. What was the approach to be taken in conducting the investigation?

We met with Larry Groppe regarding allegations on how the investigation would be supervised, whether it would focus on financial relationships, improper benefits, or Ruben's outside business opportunities. We conducted a background investigation and it was decided that it would not be supervised by Counsel.

3. What records were reviewed during the investigation process?

Refer to 12/01/03 letter of agreement regarding the contract with MSE. It outlines the information and records we were to review. We interviewed the following people:

Greg Milton

Mr. Kahn

Frankie Wong

Reuben Bohuchot

Terry Woods-Director of IT Services, AIC System

Rose Kohut

Terry Woods complained generally that there must be something improper going on since he did not get any business since Ruben and Mike Moses got here. He made general allegations of favoritism.

4. Who were the people interviewed during the investigation process?

The names of those individuals are reflected in our March 10, 2004 letter.



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5. How long did the investigation take, from official start to finish?

The oral report was directed by Larry Groppe's request. He did not want a written report. We were to gather the facts, provide necessary guidance, and report our findings.

We learned that Ruben owned AZ Technologies and we needed to track his sources of income. He had worked with the Berkshire group on the Miami-Dade project. We advised that there needed to be tighter controls in place regarding how employees dined with vendors who became friends. There was a need to make sure that there was no apparent conflict of interest. There needed to be a better way to reinforce the way the DISD Scholarship Fund raised money and the relationships with vendors in that process.

DISD needed to do a better job of reinforcing expectations about how employees managed their relationships with vendors. It was important that we were more cautious about issues like the frequency with which dinners were experienced, the timing of the events and the appearance of relationships with vendors.

This report was done in a closed session. Mike Moses was there, Larry Groppe was there, and Lee Simpson was there.

6. What was the opinion rendered following the investigation?

The opinion was that some things needed to be tightened up regarding making people know that they must comply with the policy. There needed to be greater safeguards to ensure that employees complied.

7. Was Mr. Bohuchot asked whether he had received gifts from Frankie Wong? What was the answer he gave?

I think so. He was asked in a general way. We did ask Frankie Wong if he had provided gifts to Ruben.

Ruben was asked and he disclosed that Frankie Wong took him to an Astros game.

8. Was Mr. Bohuchot asked if he had taken a trip or trips on the Sir Veza or the Sir Veza II? What was his answer?

He was not asked about his involvement with the boats.