



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

BRAND NAME CONTRACT

**Report by
Inspector General Bill Lynch**

**Prepared for
Governor M.J. "Mike" Foster, Jr.**

October 22, 1999

File No. 1-99-0105



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

Brand Name Contract

October 7, 1999

Report by

A handwritten signature in black ink, appearing to be "B. Lynch", written over a horizontal line.

Inspector General Bill Lynch

Approved by

A handwritten signature in black ink, appearing to be "M.J. Foster, Jr.", written over a horizontal line.

Governor M.J. "Mike" Foster, Jr.

File No. 1-99-0105

Brand Name Contract

False documents, including one with a forged signature, were submitted to the Office of State Purchasing in connection with its award of a brand name contract to Delta Chemical Corp., a Metairie supplier of chemical products to the state.

State purchasing procedures require at least three state agencies show both a need and anticipated annual usage in order for products to be listed on brand name contracts.

Delta officials solicited letters of intent to purchase Delta's products from Southeast Hospital at Mandeville, Delgado Kenner office, and the Louisiana State Racing Commission, two of which had no use for the products. The officials supplied information which was used in the false documents.

As a sole supplier of Delta chemicals, being on a brand name contract gives the company the advantage of not having to bid on its products when they are sought by agencies.

Background

Delta Chemical, which was incorporated in 1997, sells water treatment chemicals for commercial-industrial heating, ventilation and air conditioning systems. It has held a brand name contract to sell its products since July, 1998. According to Delta Chemical owners, it currently sells products to Southeast Louisiana Hospital in Mandeville and the Burton Coliseum at McNeese State University in Lake Charles.

The Procedure

Brand name contracts are awarded when a demand is established for a specific brand of product. A manufacturer or supplier has a distinct pricing advantage when bidding on its own brand and is often awarded the contract. In this instance a demand was purportedly established for Delta brand water treatment chemicals.

State Purchasing procedure requires three letters of intent be submitted from separate state agencies establishing the demand for a specific brand and states:

“These letters must include those items that the agency intends to purchase or rent, and the correct packaging, including the anticipated annual usage per item, and letters must be signed by proper administrative personnel.”

The Letters

During the months of February and March, 1998, five letters of intent were sent to State Purchasing on behalf of Southeast Louisiana Hospital in Mandeville, Delgado Community College office in Kenner, and the Louisiana State Racing Commission in New Orleans. A bid proposal was prepared by State Purchasing and Delta Chemical as the sole bidder was awarded the contract on July 7, 1998.

Two letters were submitted to State Purchasing at Delta's request by Halbon Terry Sharp, then a maintenance foreman at the hospital. The first letter contained a list of nine chemicals the hospital intended to purchase from Delta. The second letter had a longer list of 24 chemicals purporting to be the hospital's anticipated usage. The hospital has purchased only nine chemicals, of which some were not included on the first list, and not in the quantities anticipated. Mr. Sharp confirmed that Delta Chemical supplied him the information for the two letters. The letters are false as they pertain to the hospital's usage. Joseph Vinturella, administrator for the hospital, said the proper procedure would have been for the purchasing office to have sent any letter of intent to State Purchasing.

At Delgado College Helene Huddleston, the site facilitator for the Kenner office, submitted two letters to State Purchasing at the request of Delta. The first contained a list of seven chemicals. The second letter had the same list of 24 chemicals and supposed usage rates as the one submitted by the hospital.

Because Delgado's Kenner office is a leased facility, it does not perform its own maintenance on the air conditioning system and has no reason to buy Delta products. Delgado College has not purchased any products from Delta Chemical. Ms. Huddleston acknowledged sending the letters but had no knowledge of the chemicals listed and did not know how the usage rates were devised. She stated that Delta Chemical supplied her a list of chemicals and usage rates. She could not remember if she composed the letter or copied it from another letter.

Ms. Huddleston is the mother-in-law of Ross Heidingsfelder, a Delta Chemical co-owner.

Vice Chancellor Joseph Toomy said that the person responsible for dealing with the letters of intent is George Gray, supervisor over heating and cooling systems for all Delgado campuses. He said Ms. Huddleston should not have issued the letters.

Mr. Gray said he knew nothing about the Delta Chemical Corp. letters and did not know Ms. Huddleston. He also said the amount of chemicals listed in the letters would not have been used on all of the campuses in a year.

The Racing Commission letter also mirrored the list of 24 chemicals and supposed usage rates. The Racing Commission is also housed in a leased facility and Sandra Jones, a buyer, said the commission does not use the chemicals listed.

A Racing Commission official said the agency had no knowledge of the letter, which was forged. The letter was signed "Sandra Jones, Purchasing Clerk/LSRC." Ms. Jones stated that she did not sign the letter and has no knowledge of Delta Chemical. She said she would not have identified herself as a purchasing clerk on a letter and instead would have only put "Purchasing" on the title line under her signature. Ms. Jones said she uses a computer when she writes a letter and noted that her name/title line were not the same font as the rest of the letter but instead were typed in. Ms. Jones stated that she is currently a buyer for the Racing Commission, but that at the time of the letter she was a clerk 3.

The letterhead was an old style no longer used at the time in early 1998. The undated letter was not stamped received by State Purchasing as were the others, nor was any mailing envelope found in the State Purchasing file.

Lee Mauberret, a Delta Chemical co-owner, initially said he dealt with Ms. Jones who he contacted at the suggestion of his sister Catherine Mauberret, a veterinarian for the Racing Commission. Later he said he talked to someone at the Racing Commission office but did not know who. He said he left the list of chemicals with a person there. However, none of the employees who would have had contact with him recalled such a visit.

Mr. Mauberret stated that he supplied the same information to all the agencies. He understood the regulations to require all three letters to look the same as they should reflect the total expected sales to the state for a year. However, the letters clearly state that it is the agency's anticipated annual usage and not the state as a whole. The letters state: "Please see that Delta Chemical Corp. is approved to bid on a brand name contract. We anticipate using the following items." In one column the document states: "Anticipated Annual Usage" and then lists the quantity. The list is the same for all three agencies.

These conditions may be in violation of R.S. 14:133 which states:

A. Filing false public records is the filing or depositing for record in any public office ... (1) Any forged document. (2) Any wrongfully altered document. (3) Any document containing a false statement or false representation of a material fact.

Conclusions:

1. Halbon Terry Sharp, then maintenance foreman of Southeast Hospital at Mandeville, improperly submitted false letters of intent overstating the types and quantities of Delta Chemical Corp. products the hospital intended to use.
2. Helene Huddleston, site facilitator of the Kenner office, improperly signed and submitted two false letters of intent as Delgado College did not have a need nor intent to purchase any products from Delta Chemical as required by State Purchasing procedures.
3. The Racing Commission did not have a need nor the intent to purchase from Delta Chemical as required by State Purchasing procedures.
4. The Racing Commission letter is a forgery, but we do not know who forged it.
5. Delta officials solicited letters of intent to purchase its products from three state agencies, two of which had no use for them. The company provided information which was used in false documents submitted to State Purchasing.

Recommendations:

1. Delgado Community College should take proper disciplinary action concerning Ms. Huddleston.
2. State Purchasing should take appropriate action related to the brand name contract for Delta Chemicals.
3. State Purchasing should consider debarment proceedings.

4. This report should be reviewed by the East Baton Rouge Parish District Attorney and the State Board of Ethics.

Attachments:

Attachment A includes the letter on Racing Commission letterhead which is identical in content, type, and form to the letters submitted by Mr. Sharp at the hospital and Ms. Huddleston at the college. The signature is purported to be that of Sandra Jones. For comparison, we have also included a copy of the purchasing requisition used to order new letterhead with the actual signature of Ms. Jones.

Responses:

See attachment B.

IG Comments:

In light of the response from Delta Chemical's counsel, we are recommending that State Purchasing review all other brand name chemical contracts and estimated usage for compliance with its procedures.

Attachments

A

M. J. "MIKE" FOSTER, JR.
GOVERNOR

ALBERT M. STALL
CHAIRMAN

OSCAR J. TOLMAS
FIRST VICE CHAIRMAN

A. J. GOUBLER
SECOND VICE CHAIRMAN



LOUISIANA STATE RACING COMMISSION

Attachment A
COMMISSIONERS

J. D. BLONDIN
PAYTON R. COVINGTON
AUBREY LAPLACE
JON R. MCKINNIE
JERRY MEAUX
MICHAEL J. SMITH

PAUL D. BURGESS
EXECUTIVE DIRECTOR

KIM CHATELAIN
ASSISTANT ATTORNEY GENERAL

State of Louisiana
Division of Administration
Office of State Purchasing
P O Box 94095
Baton Rouge, La. 70804-9095

To Whom It May Concern:

Please see that Delta Chemical Corp. is approved to bid on a brand name contract. We anticipate using the following items:

Need

<u>ITEMS</u>	<u>SIZE</u>	<u>ANTICIPATED ANNUAL USAGE</u>
✓ DBT 2000	30 Gal. Dr. or 5 Gal. Pails	150 Gallons ✓
✓ DBT 2040	30 Gal., 15 Ga./Drums	90 Gallons ✓
✓ DBT 4800	55 Gal., 30 Gal., 15 Gal./Drums	100 Gallons ✓
✓ DBT 4020	55 Gal., 30 Gal., 15 Gal./Drums	115 Gallons ✓
✓ DBT 4520	55 Gal., 30 Gal., 15 Gal./Drums	125 Gallons ✓
✓ DBT 6315	55 Gal., 30 Gal., 15 Gal./Drums	120 Gallons ✓
✓ DBT 6301	55 Gal., 30 Gal., 15 Gal./Drums	100 Gallons ✓
✓ DBT 6800	55 Gal., 30 Gal., 15 Gal./Drums	100 Gallons ✓
✓ DBT 4410	55 Gal., 30 Gal., 15 Gal./Drums	90 Gallons ✓
✓ DCT 1111	55 Gal. Or 30 Gal. Drum	450 Gallons ✓
✓ DCT 1115	55 Gal. Or 30 Gal. Drum	500 Gallons ✓
✓ DCT 1100	55 Gal. Or 30 Gal. Drum	300 Gallons ✓
✓ DCT 5250	30 Gal., 15 Ga., 5 Gal./Drum	150 Gallons ✓
✓ DCT 3000	50# Pail	250 Lbs. ✓
DCT 3015	30 Gal., 15 Gal., 5 Gal./Drum	250 Gallons ✗
<i>MSDS</i> ✓ DCT 3020	30 Gal., 15 Gal., 5 Gal./Drum	150 Gallons
DCT 5505	5 Gallon Pail	25 Gallons
<i>Product label</i> ✓ DWT 6035	55 Gal. Dr/Bulk (500 Gal. Del)	600 Gallons ✓
<i>Product label</i> ✓ DWT 7022	55 Gal. Dr/Bulk (500 Gal. Del)	700 Gallons ✓
<i>" label</i> ✓ DWT 7055	55 Gal. Dr/Bulk (500 Gal. Del)	1,000 Gallons ✓
<i>label</i> ✓ DWT 8050	55 Gal. Dr/Bulk (500 Gal. Del)	800 Gallons ✓
<i>" label</i> DWT 8010	55 Gal. Dr/Bulk (500 Gal. Del)	400 Gallons

LOUISIANA STATE RACING COMMISSION

Attachment A

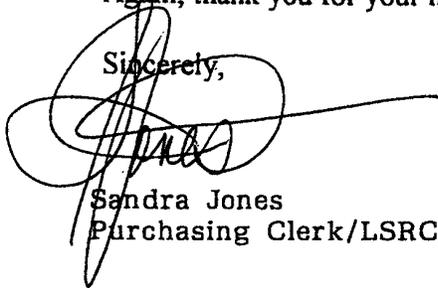
Page 2

State of Louisiana
Division of Administration
Office of State Purchasing

<i>label</i>	DWT 8020	55 Gal. Dr/Bulk (500Gal. Del)	450 Gallons
<i>label</i>	DWT 8610	50# Bag	250 Lbs.

Again, thank you for your help in approving this contract.

Sincerely,



Sandra Jones
Purchasing Clerk/LSRC

Order # 137789-01 1/16/97

Attachment A

REV. 3/91
OMF-RFP1
LA SNAPS



10/28/97
Feb 58610

DEPARTMENT OF ECONOMIC DEVELOPMENT
OFFICE OF MANAGEMENT AND FINANCE
REQUEST FOR PURCHASE

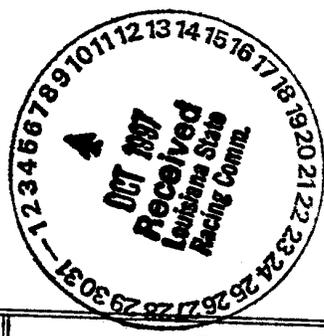
Purchasing Use Only
Requisition #
25498120
Purchase Order #

Requested By: [Signature] Requested Delivery Date: _____
Date of Request: 9/23/97 Delivery Location: _____

Item No.	Description (in detail, (manufacturer's name, stock #) size, color, model #, etc. . .)	Quantity		Approximate Cost	
		Requested	On Hand	Price Each	Total Price
	Printing: Letterheads	2000			E250.00
	"Governor/Comm./Chairman Spec Director/Attorney"	2150			192.16
	8 1/2 x 11 Classic Linen White Paper				
	966/51				

Justification for purchase; impact if not received this fiscal year; suggested vendor if any:
State Printing 726000 720-08

Restock



Amt. Tax Grand Total	\$	<u>E250.00</u>
Cost Ctr.	Amount	
<u>2200</u>	<u>E250.00</u>	
	<u>192.16</u>	

REQUIRED APPROVAL SIGNATURES

Section Head/Manager: [Signature] Date: 9/24/97
Agency Head/Asst. Sec.: [Signature] Date: 9/26/97
Deputy Undersecretary: [Signature] Date: 9-29-97
Undersecretary: _____ Date: _____

FOR FISCAL SERVICES USE ONLY

Check () if alternative funding in category is necessary due to line item deficit in the object account.
Fiscal (initial): [Signature] Date: 9-29
Object Acct: 2710 Category: _____
Prev Bal: \$ 13,059.51 Prev Bal: \$ _____
Requested Amount: \$ 250.00 Requested Amount: \$ _____
Current Balance: \$ 12,809.51 Current Balance: \$ _____

Attachments

B

**LAW OFFICES
ADVERSARIAL SERVICES, PLC**

**# 53 CHATEAU MAGDELAIN DRIVE
KENNER, LA 70065**

**ALBERT J. HUDDLESTON, ESQ.
P.O. BOX 640009
KENNER, LA 70064**

**PHONE:(504)469-8118
FAX : (504)469-7934
E-MAIL:HuddBonn@bellsouth.net**

September 29, 1999

Mr. Bill Lynch
Inspector General
P.O. Box 94095
Baton Rouge, LA 70804-9095

Re: Delta Chemical Corp.
Your File : 1-99-0105

Dear Mr. Lynch:

It is my understanding that you have, or will soon receive, a responding letter from Mrs. Huddleston, accompanied by supporting documents. No further comment regarding Delgado's "request" is required of me.

Accompanying this response, however, you will find a number of "requests" which have been received, processed and accepted by the Division of Administration, Office of State Purchasing. You will note that each is strikingly similar to the "requests" which are the subject of your current investigation.

Had your investigators bothered to inquire of the Office of State Purchasing and had they reviewed some of the competitors' files, they would have discovered that the procedure in place for the acceptance of a "brand name" contractor involves several steps.

The first step, after an initial sales call, is to solicit a "request" letter. Attached to the "request" is a listing of the seller's available inventory. Step two involves an independent contact with the "applicant". The purpose of that contact is to determine that the Applicant does, in fact, produce a "brand name" product and, step three, that its prices, offered to the State, have been discounted. Discounted prices from a vendor, of course, is the justification for avoiding the cumbersome public bid process. Lower prices to state agencies provides a benefit to taxpayers. *Boh Brothers Vs. Dept. of Transportation*, 689 So.2nd 675 (La. App 1st Cir. 1997) writ denied 703 So.2nd 1309.

Step four, therefore, consists of acceptance and approval of the “applicant’s” price list ... for each of the inventory items. Only then, step five, is the “requester” officially informed of the price of the inventory items in which the “requester” is interested.

Respectfully, it is suggested that your investigators misunderstood the procedure and misinterpreted the “requests” to be an **order to purchase** and entire inventory at **prices not yet set and approved**. Clearly, to accept that interpretation is to legitimate the purchase of a “pig in a polk”.

The only document promulgated by the Office of State Purchasing that is pertinent to this matter is “PROCEDURES FOR REQUESTING A BRAND NAME CONTRACT”. It is obvious that the interpretation of section 1(b) of the “PROCEDURES ...” by the Office of State Purchasing, differs from the interpretation placed thereon by your investigators. We point out that La. R.S. 39:1581 provides that the Commissioner shall have the exclusive, non-delegatable power to promulgate the regulations. Inherent in the power to create the regulations is the power to interpret the meaning of the same.

Given the foregoing, we must now consider the crucial language in section 1(c) of the “PROCEDURES ...”

“ ... and letters must be signed by appropriate administrative personnel “

The “PROCEDURES ...”, however, does not bother to define “appropriate administrative personnel”. The issues germane to that oversight are:

1. Who is an appropriate administrative person; and
2. Who determines the criteria.

Surely, that is not the responsibility of the “requester”. It is not the responsibility of the “applicant”. It must, therefore, be the responsibility of the promulgator of the “PROCEDURES ...”.

“ Failure to submit accurate and complete information will cause your request to be delayed”

There was no delay. Clearly the Office of State Purchasing was satisfied with the “appropriateness” of each of the “requesters” in this case. That is exactly what happened regarding the many “requests” submitted by Delta Chemical Corp.’s competitors. You are invited to review each of the attached. There are many more in the files at State Purchasing.

If you now question the "appropriateness" of Ms. Huddleston as a "requester" you have only to refer to her September 23, 1999 letter and its supporting documents.

If you question the "appropriateness" of the signator on the "request" from Southeast Louisiana Hospital, you need only review the contract dated July 14, 1998 and the copies of invoices also attached hereto.

We must now address the very serious and reckless allegation of "forgery" regarding the "request" from the State Racing Commission. On behalf of our client, Delta Chemical Corp., we point to the letter from Mr. Mauberret dated August 23, 1999. The facts, without equivocation, are as stated in that letter. Mr. Mauberret believed, and still believes that the "request" was signed by Sandra Jones. If, in fact, the letter does not bear her signature, **Mr. Mauberret is adamant in his denial that he provided the signature.**

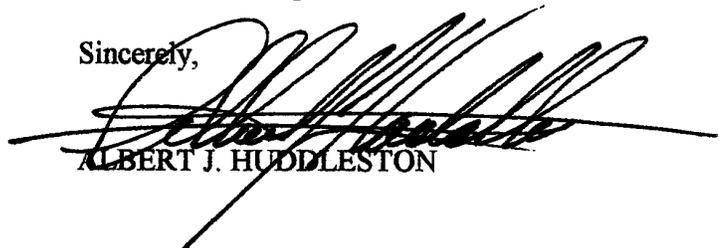
Experts can determine who is telling the truth. Investigators can only theorize. Administrators, however, must decide. That decision must be based upon all of the obtainable facts. If one is to postulate a competing theory, unfettered by all of the facts and opinions of handwriting experts, one could theorize:

1. Someone in the Racing Commission office signed Ms. Jones' name with her knowledge and permission; or
2. The signing of Ms. Jones' name, by others, was a matter of routine, when the subordinate, using Ms. Jones' name, believed it was within her scope of authority.

We are informed that the Racing Commission has issued many "requests". Have the theorizers reviewed any of those letters and compared signatures? The draft report does not say. We suggest that the report and the investigation are not complete. We suggest that is because the facts can be as devastating to the investigators' theory as the opinion of a handwriting expert. Mr. Mauberret was not the author of the signature.

We suggest, therefore, for all of the reasons set out above, that the investigation was misdirected. That resulted from a misinterpretation of the promulgated procedures. We suggest, further, that the investigation is incomplete and that the information gathered is inconclusive. It is, therefore, insufficient to support the conclusions reached by the investigators and, thus, their recommendations should be disregarded.

Sincerely,



ALBERT J. HUDDLESTON

Cc: Office of State Purchasing
Cc: Delgado Community College
Cc: Delta Chemical Corp.



August 23, 1999

CERTIFIED MAIL 2 406 104 572
RETURN RECEIPT REQUESTED

Mr. Bill Lynch, Inspector General
Office of the State Inspector General
Post Office Box 94095
Baton Rouge, La. 70804-8095

RE: File No. 1-99-0105

Dear Mr. Lynch:

Reference is made to the questions raised by your office regarding the request for a brand name contract designation for certain water treatment chemical products offered by this corporation. I am the Vice-President of Delta Chemical Corporation, and I am the person who made contact with the Division of Administration and with the Racing Commission, and most of the other state agencies that have indicated a preference for this brand name.

When I initially made an inquiry to the Division of Administration, I was verbally advised that all that was necessary was to obtain letters from state agencies requesting usage of the brand name specification. These verbal instructions were not as explicit as the written instructions.

One of the letters was from Delgado Community College, and the corporation contacted Mrs. Helene Huddleston and requested a letter from Delgado, which she furnished.

Another letter was from the Racing Commission. It is my understanding that a question has arisen regarding the authorship of the letter from the Racing Commission. My sister, Catherine Maubertret is an employee of the Commission. She works in the barn at the Fair Grounds, and not in the Commission's Office. I asked her if she could find out whom I should see in the Commission Office to make my presentation, which she did. That, sir, is Catherine's only involvement in this matter.

She has no access to commission stationery and made no effort to

Hon. Bill Lynch
Page 2
August 23, 1999

attempt to influence office personnel as to whether or not they would sign a brand name letter. I subsequently visited the office, explained that a brand name letter was being requested by this company, and requested that a letter be issued. An intimation of forgery has been raised. That is simply not true. The letter from the Racing Commission did contain the request we made, but it was placed on Racing Commission stationery by Racing Commission office personnel and the letter was signed by Sandra Jones to the best of our information, knowledge and belief.

My sister received no gift, did not abuse her position of employment, nor did this corporation or any officer, director, shareholder, employee or agent thereof make any illegal payment, nor did she either solicit or receive anything of economic value for making an appointment for me to see the appropriate personnel at the Commission Office. Making a phone call to determine whom I should see in the Commission Office doesn't constitute a transaction involving her governmental agency.

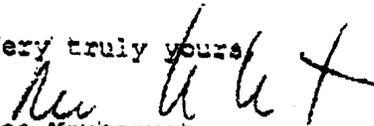
In addition to the Delgado and Racing Commission letters, there is a letter on file with the Division of Administration from the Southeast Louisiana Hospital. Some Delta Chemical products are being used by this facility. That letter was filed at the same time as the other letters.

We have also requested and obtained letters from McNeese State University and from Louisiana Technical College - West Jefferson Campus requesting that our products be placed in the brand name category, which letters have been transmitted to the Division of Administration. These letters are enclosed. For your information McNeese State is also presently using some Delta Chemical products.

I hope that this clears up any questions you may have regarding this matter. Please advise if you or your staff have any other inquiries regarding this matter.

We hope to continue to provide quality products to the various agencies of this state.

Very truly yours


Lee Maubert
Vice President

LM/s

Enc.

cc: Office of State Purchasing, Division of Administration



Celebrating 75 Years of Education that Works

**COMMUNITY CAMPUS
KENNER INFORMATION OFFICE**
1903 Short Street
Kenner, LA 70062
(504) 471-2771
FAX (504) 471-2734

September 23, 1999

Office of State Inspector General
Bill Lynch, Inspector General
P.O. Box 94095
Baton Rouge, Louisiana 70804-9095
File No. 1-99-0105

Dear Mr. Lynch,

In response to your letter of September 17, 1999, I would like to begin with some **background:**

As the Site Facilitator for Delgado Community College in Kenner, my task is to build and maintain a growing student base and thus a need for a permanent, self-sustaining "outreach campus" for the college. As we increased the student numbers and, accordingly, the demand for more classrooms, it was obvious that we were going to require a facility larger than the limited space currently leased from the City of Kenner. It was equally obvious that we would acquire a larger facility by either buying, building or leasing. The first two possibilities would require maintenance, the third might.

In my capacity, I was presented with a form letter prepared by Delta Chemical for recommendation on a brand name contract. I did so, regarding the letter as a useful opportunity to provide Delgado Community College with a list of products for anticipated usage. I regarded their products as only an inventory list, which should, and did, include all offerings of the company.

The individual purchases, and their amounts, would not be determined by myself, as it is not within my responsibility to commit the institution to a purchase unless proper procedure is followed. We always follow standard college policy for procurement whether on bid or state contract (attached), and a purchase requisition for same (attached). I have filled out many of these forms and am familiar with the procedure. The fact that Mr. Heidingsfelder is my son-in-law is irrelevant.

My letter was never intended as a formal order to purchase, and was not stated as such. I did not recognize this as the type of commitment implied in your correspondence.

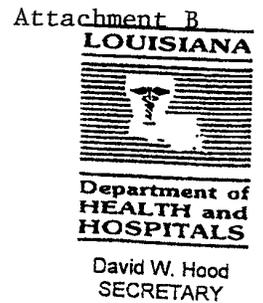
Sincerely,

Helene Huddleston
Site Facilitator, Delgado Community College

008



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



M. J. "Mike" Foster, Jr.
GOVERNOR

September 27, 1999

Bill Lynch
State Inspector General
State Capitol Annex
Post Office Box 94095
Baton Rouge, Louisiana

RE: Your File No. 1-99-0105

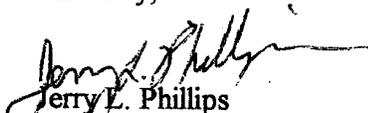
Dear Mr. Lynch:

This letter is provided on behalf of South Eastern Louisiana State Hospital (the hospital) in response to your draft report to Joseph C. Vinturella, administrator of the hospital. Your draft recommendations do not require any action by the hospital, but to provide a complete response on behalf of the hospital, the below information is provided.

Mr. Sharp did not follow hospital purchasing procedures when he submitted the letters directly to State Purchasing. He resigned from state employment effective on July 6, 1999. Consequently, he is no longer an employee of the hospital. The hospital has stopped purchasing from Delta Chemical Corporation, and hospital employees will be informed to follow hospital procedures.

Thank you for the opportunity to respond to your draft report.

Sincerely,


Jerry L. Phillips
Deputy General Counsel

SEP 27 1999

cc: Joseph C. Vinturella, BCSW



A World of Opportunities

J. Terence Kelly, Chancellor

OFFICE OF THE CHANCELLOR
501 City Park Avenue
New Orleans, Louisiana 70119-4399
(504) 483-4085
FAX (504) 483-4088

Sent Via Facsimile to (225) 342-8761

September 29, 1999

Mr. Bill Lynch
State Inspector General
Division of Administration
State Capital Annex
Baton Rouge, LA 70804-9095

Dear Mr. Lynch:

I am in receipt of your draft report concerning the two letters submitted to State Purchasing by Ms. Helene (Bonnie) Huddleston at the request of a representative of Delta Chemical Corp. Mr. Lynch, please be advised that my office, nor Ms. Huddleston's supervisors, had any prior knowledge of her actions before receiving your draft report on September 22, 1999.

After careful review of your report it is clear that Ms. Huddleston, in her position as the site facilitator for the Kenner Office, was not the proper administrative personnel authorized to issue letters of intent to purchase nor was she the proper person to project the anticipated usage of Delta Chemical products. Mr. George Gray, supervisor over heating and cooling systems for all campuses, in consultation with the Director of Purchasing would have been the person responding to such a request. Since the Kenner Office is a leased facility, the college would not have any reason to purchase products from Delta Chemical for that location.

Clearly, Ms. Huddleston acted totally outside of the scope of her authority and responsibilities as a site facilitator. Since she has been employed by the college for nearly four years, she was and is fully aware of the proper procurement procedures and there is no excuse for her actions. Further, the fact that Mr. Heidingsfelder, co-owner of Delta Chemical is Ms. Huddleston's son-in-law does raise additional concern.

In accordance with the attached college's Policy & Procedure Memorandum BA-1260.3, "Reporting & Handling Fiscal or Related Misconduct," Ms. Huddleston's actions violated policy. While the college's policy calls for an internal investigation, we feel that your office has more than adequately investigated this matter and that all relevant information has been uncovered. The college's internal auditor has reviewed the documents associated with this situation and agrees with your office's findings as being sufficient for the college to proceed to action. Further, we have met with Ms. Huddleston and have obtained a written statement from her. As a result the college will take the following actions:

Page Two

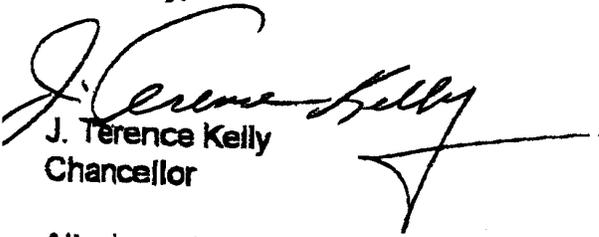
9/29/99 to B. Lynch

Re: Helene (Bonnie) Huddleston

- Ms. Huddleston will be given a formal written reprimand with a copy to her personnel file.
- Ms. Huddleston will be placed on probation for a period of one year. Upon the completion of the probationary year, her employment status will be re-evaluated.
- Ms. Huddleston will be placed on 12 working days of administrative leave without pay.
- Ms. Huddleston's authority to initiate any requests for purchase of products or services, including instructional contracts and short-term facilities agreements for the Kenner Office, has been removed.
- Ms. Huddleston will be advised that all inquires or requests to purchase goods or services for the Kenner Office **must** be referred to her immediate supervisor Ms. Kathleen Mix, Associate Dean of Community Outreach Programs.

If additional information is needed, please do not hesitate to contact my office or Dr. Margaret Montgomery, Executive Dean and Provost of the City Park Campus at (504) 483-4244.

Sincerely,



J. Terence Kelly
Chancellor

Attachment

cc: Margaret Montgomery, Campus Provost, City Park Campus
Kathleen Mix, Associate Dean, Community Outreach Programs
Darryl Talbert, Director, Human Resources
Chibuike Azuoru, Internal Auditor



Attachment B

LOUISIANA STATE RACING COMMISSION

ALBERT M. STALL
CHAIRMAN

October 6, 1999

320 NORTH CARROLLTON AVENUE
SUITE 2-B
NEW ORLEANS 70119-5111
POST OFFICE BOX 19267
NEW ORLEANS 70179-9267
(504) 568-5870

Mr. Bill Lynch
Division of Administration
Office of State Inspector General
P. O. Box 94095
State Capitol Annex
Baton Rouge, Louisiana 70804-9095

RE: Inspector General, File No. 1-99-0105

Dear Mr. Lynch,

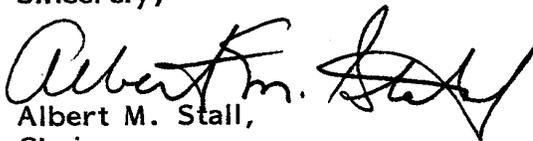
Thank you for your copy of the draft report dated September 17, 1999 in the referenced investigation. The Commission appreciates the opportunity to reply. However, because the report reveals no recommendations regarding the Commission, the Commission has not met for the purpose of submitting a formal response. I offer the following reply as Chairman of the Commission.

The Commission was first advised of this investigation in July. At the time, it appeared the Office of Inspector General to be in the best position to investigate the matter and its relationship to the Commission. Still, the Commission has made an informal inquiry into this matter through its Assistant Attorney General. The Commission has no new or additional evidence other than that reflected in the draft report. Accordingly, the Commission adopts the Inspector General's findings and fully concurs in the report's conclusions.

In an abundance of caution, the Commission will issue a memorandum directed to all Commission employees reminding them that Louisiana State Racing Commission stationary should be used only for official business approved by the Commission. Further, any outdated stationary should be immediately disposed upon receipt of replacement stationary to prevent a similar instance from occurring again.

Thanking you for your attention in this matter,

Sincerely,


Albert M. Stall,
Chairman

AMS:sc