

**SCHOOL DISTRICT OF PALM BEACH
COUNTY
OFFICE OF INSPECTOR GENERAL**



Donald E. Fennoy, II, Ed. D.
Superintendent

INVESTIGATIVE REPORT

K. Lung Chiu, CPA
Inspector General

Case Number:

18-804

Date of Complaint:

June 26, 2018

Subjects:

Shea Stockman, Teacher, Forest Hill Community High School
Laura Warner, Substitute Teacher

Witnesses:

Eugena Feaman, Principal, Emerald Cove Middle School
Connie Rider, Treasurer, Forest Hill Community High School
Mary Stratos, Principal, Forest Hill Community High School
Omar Turrall, Three60Printing, LLC

Type of Report:

FINAL

AUTHORITY

School Board Policy 1.092 provides for the Inspector General to receive and consider complaints, and conduct, supervise, or coordinate such inquiries, investigations, or reviews, as the Inspector General deems appropriate.

This investigation was conducted by Senior Investigator Veronica Vallecillo in compliance with the *Quality Standards for Investigations, Principles and Standards for Offices of Inspector General*, promulgated by the Association of Inspectors General.

INTRODUCTION

During a review of the allegations of Office of Inspector General (OIG) Case # 18-750 regarding fundraisers at Forest Hill Community High School, the OIG determined that a District employee, Mr. Shea Stockman, owns a screen printing business (Cyan Shores, LLC) that does business with Forest Hill Community High School, possibly creating a conflict of interest.

The OIG also determined that District employee, Laura Warner and Mr. Stockman submitted invoices to District schools using the name of a District bid awarded vendor, Three60Printing, LLC (Three60Printing).

The OIG discussed the allegations with School Police. Detective Kevin McCoy, who determined the nature of the allegations did not rise to the level of criminal conduct.

Note: During the OIG's investigation, Mr. Stockman resigned from his job at Forest Hill Community High School.

BACKGROUND

Cyan Shores, LLC is a Florida Limited Liability Company that provides screen printing services.

Three60Printing, LLC is a Florida Limited Liability Company that offers professional custom t-shirts, custom apparel and promotional products. The company is a District bid awarded vendor as part of a term contract for the purchase of promotional items, custom shirts, apparel, and trophies.

Promos Plus offers silk screening, embroidery, laser printing, and other printing services.

Cyan Shores, LLC. and Promos Plus are not currently District bid awarded vendors.

ALLEGATIONS AND FINDINGS¹

1. Shea Stockman, a former teacher at Forest Hill Community High School, provided screen printing services to Forest Hill Community High School, possibly creating a conflict of interest. *Substantiated.*
2. Shea Stockman, a former teacher at Forest Hill Community High School, submitted an invoice to a District school using a different vendor name for work completed by his company. *Substantiated.*
3. Shea Stockman, a former teacher at Forest Hill Community High School, violated District internal procedures by instructing a parent to pay him/his business directly for soccer items. *Substantiated.*
4. Laura Warner, a substitute teacher, submitted invoices to District schools using a different vendor name for work she completed. *Substantiated.*

GOVERNING DIRECTIVES

- **Florida Statute 112.313 Standards of conduct for public officers, employees of agencies, and local government attorneys.**
- **Florida Department of Education Financial and Program Cost Accounting and Reporting for Florida Schools - Chapter 8.**
- **School Board Policy 3.02 Code of Ethics.**
- **District Internal Accounts Manual – Chapter 7 & 8.**
- **District Purchasing Manual – Chapter 12.**

¹ The OIG findings were determined using the standards that appear on the signature page at the end of this report.

- **16C-36B Term Contract for the Purchase of Promotional/Novelty Items, Custom Imprinted Shirts and Apparel and Trophies.**
- **14C-19B Term Contract for Promotional/Novelty Items, Trophies and Plaques (A supplement to Bid 12C-25B)**

ALLEGATION 1: EVIDENCE & TESTIMONY

Allegation: Shea Stockman, a former teacher at Forest Hill Community High School, provided screen printing services to Forest Hill Community High School, possibly creating a conflict of interest.

Testimony of Shea Stockman, Former Teacher, Forest Hill Community High School

Mr. Stockman stated he is the owner of a screen printing business named Cyan Shores, LLC. Mr. Stockman started Cyan Shores in August 2017 (previously named Pheebz, LLC) and has been in screen printing for about 10 years.

Mr. Stockman stated he started print business with Forest Hill Community High School after August 2017, as a result of him communicating to other teachers that he would not be able to coach because he needed to focus on his printing business. Some teachers learned about Mr. Stockman's business and placed orders with him. Mr. Stockman continued to receive additional orders through word of mouth.

Mr. Stockman confirmed he did not obtain approval from the Forest Hill Community High School Principal prior to doing business with the school.

Mr. Stockman confirmed his wife works at a District school, Allamanda Elementary. Mr. Stockman stated neither him nor his wife advertise the business. All business from District schools has been through word of mouth.

Mr. Stockman confirmed he has done business with Emerald Cove Middle School, Allamanda Elementary School, and John I Leonard High School. Mr. Stockman believes Emerald Cove and Allamanda may have used PTSA (Parent Teacher Student Association) funds instead of internal funds to pay for the orders.

Mr. Stockman explained that in May 2018, he stopped doing business with Forest Hill High School after he was approached by the School Principal who told him that because he is not an approved vendor, they could no longer purchase from his business. Mr. Stockman was under the assumption that it was acceptable to do business with the District, as long as he was not working on school grounds and was providing competitive pricing. Mr. Stockman also assumed that since the school was paying him for completed orders, there were no issues.

Mr. Stockman stated he inquired about becoming a District awarded vendor with Ms. Jan Butts in the Purchasing Department. Ms. Butts explained to him that he could not be a vendor because he was a District employee.

Testimony of Mary Stratos, Principal, Forest Hill Community High School

Ms. Stratos confirmed that Forest Hill Community High School was doing business with Shea Stockman. Ms. Stratos learned about Mr. Stockman’s screen printing business during an activities meeting in October 2017 from a teacher. Ms. Stratos recalls placing an order with Mr. Stockman for long/short sleeved shirts and recalls that Mr. Stockman’s prices were better than other vendors.

Ms. Stratos was not aware that the school doing business with Mr. Stockman was a conflict of interest. Ms. Stratos did not know that Mr. Stockman’s business was not a bid awarded vendor. Ms. Stratos confirmed she did not directly ask her Treasurer Connie Rider if Mr. Stockman’s business was a District bid awarded vendor nor did Ms. Rider bring it to her attention at the time.

Sometime in May 2018, Ms. Stratos’ secretary Lisa Martin brought it to her attention that Mr. Stockman’s business was not a District bid awarded vendor. Subsequently, Ms. Stratos began to research and do her due diligence and determined that the process was not allowed.

Documentation Reviewed

The Division of Corporations, the State of Florida’s official business entity index and commercial activity website (Sunbiz.org), reflects Mr. Shea Stockman is the registered agent and managing member for Cyan Shores, LLC²(Cyan Shores). The records indicate Cyan Shores was incorporated on August 7, 2017. Mr. Stockman was also a registered agent for Pheebz, LLC. Pheebz, LLC was registered on June 7, 2016 and records show a dissolution dated September 22, 2017.

According to the Cyan Shores Instagram Account, the business works with the local Palm Beach County community to provide services to small or large businesses, charities, schools, family events, companies, and more.

The OIG reviewed the District’s internal fund accounts and determined that Cyan Shores and Pheebz, LLC were compensated \$42,964.75 between December 19, 2016 and August 9, 2018 as follows:

School	Business Name	# of Transactions	Total Amount Paid
Forest Hill High	Cyan Shores	74 ³	\$40,014.25
John I. Leonard High	Cyan Shores	2	\$834.50
Forest Hill High	Pheebz	3	\$2,028.00
Palm Beach Central High	Pheebz	1	\$88.00
TOTAL		80	\$42,964.75

² As of September 20, 2018.

³ Includes four transactions paid using the school’s purchasing card.

The review also determined that on October 4, 2017, Forest Hill Community High School made three checks payable to Mr. Stockman totaling \$2,219.25 for three orders.

Total payments to Mr. Stockman, Cyan Shores and Pheebz related to printing jobs totaled \$45,184.

Florida Statute and School Board Policy Violations

Florida Statute 112.313 Standards of conduct for public officers, employees of agencies, and local government attorneys

(3) *Doing Business with One's Agency* states, in part, "Nor shall a public officer or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer's or employee's own agency, if he or she is a state officer or employee, or to any political subdivision or any agency thereof, if he or she is serving as an officer or employee of that political subdivision."

(7a) *Conflicting Employment or Contractual Relationship* states, "No public officer or employee of an agency shall have or hold any employment or contractual relationship with any business entity or any agency which is subject to the regulation of, or is doing business with, an agency of which he or she is an officer or employee, excluding those organizations and their officers who, when acting in their official capacity, enter into or negotiate a collective bargaining contract with the state or any municipality, county, or other political subdivision of the state; nor shall an officer or employee of an agency have or hold any employment or contractual relationship that will create a continuing or frequently recurring conflict between his or her private interests and the performance of his or her public duties or that would impede the full and faithful discharge of his or her public duties."

School Board Policy 3.02 (e) Code of Ethics provides that "A conflict of interest can exist anytime your position or decisions provide the District or yourself with a financial benefit or improper advantage. A conflict of interest shall be defined as a situation in which the employee's regard for a private interest tends to lead to a disregard of the employee's public duty or interest. We are permitted to receive outside income as long as it does not create a conflict with our work in the School District. Unethical conduct includes, but is not limited to, the employee:

iv. Advertising business or professional activities on school district property or use work hours, property or services to perform or promote personal business or professional activities, or to campaign or raise money for any candidates for political office."

Although Mr. Stockman resigned from employment on October 23, 2018, the above took place while he was employed by the School District. Based on testimony obtained and documentation reviewed, the OIG determined that the allegation that Shea Stockman, a former teacher at Forest

Hill Community High School, provided screen printing services to Forest Hill Community High School, creating a conflict of interest was *Substantiated*.

ALLEGATION 2: EVIDENCE & TESTIMONY

Allegation: Shea Stockman, a former teacher at Forest Hill Community High School, submitted an invoice to a District school using a different vendor name for work completed by his company.

Testimony of Shea Stockman, Former Teacher, Forest Hill Community High School

The OIG presented Mr. Stockman with an image from his business Instagram Account reflecting shirts for “Grad Venture” for Emerald Cove Middle School. Mr. Stockman was asked to explain how Emerald Cove Middle School paid for that particular job. Mr. Stockman stated he was subcontracted by a company named Three60Printing. Mr. Stockman described the process as him being a drop shipper. Mr. Stockman confirmed he completed the artwork and printing for Emerald Cove Middle School.

Mr. Stockman stated that a teacher at Emerald Cove contacted him to place the order for the “Grad Venture” shirts. Since Emerald Cove did not allow orders to be placed through Cyan Shores, he worked with the teacher to find another vendor the school could use. Mr. Stockman stated Three60Printing provided the school with an invoice. Mr. Stockman confirmed he was paid approximately 80% of the gross total by Three60Printing for the job.

Mr. Stockman stated he does not have a written agreement with Three60Printing.

Mr. Stockman does not recall subcontracting with any other vendors in the past, except for possibly one order with Suncoast High School.

Mr. Stockman stated that he has never been able to work with Emerald Cove “officially”. Mr. Stockman has received conflicting information regarding the issue in the past and no one has ever been able to explain to him what the specific rules are, even though he has asked multiple times. Emerald Cove never gave him an explanation as to why they were not allowed to purchase from his business.

Testimony of Laura Warner, Substitute Teacher

Ms. Warner explained that she met Shea Stockman through him placing orders from her business during the time she was a bid awarded vendor. Ms. Warner said he has his own shirt printing business and she did business for him because he wasn’t a bid awarded vendor. In 2018 Mr. Stockman asked her to assist him with orders from Emerald Cove and Suncoast High School. Ms. Warner stated she assisted by handling the sales portion. Ms. Warner stated that for those orders she went through Three60Printing. Ms. Warner said she was reimbursed by Three60Printing and in turn she reimbursed Mr. Stockman.

Documentation Reviewed

District email records reflect an email dated January 24, 2017, from Ms. Warner to Mr. Stockman that states, “I’m working with someone who is an approved school vendor since school purchasing really pulled crappy one on me and several other vendors. If you get order you want to process call me. I have also state license [sic] (**Exhibit 1**).

The OIG reviewed Cyan Shores Instagram Account and noted images of shirts with District school names other than Forest Hill and John I. Leonard High School. Based on the images, Emerald Cove Middle School, Allamanda Elementary School, and Palm Beach Central High School also had shirt printing services performed by Cyan Shores (**Exhibit 2**). Internal fund accounts for these schools did not reflect any payments to Cyan Shores or Mr. Stockman.

Further research revealed that Emerald Cove Middle School purchased shirts for “Grad Venture” from Three60Printing, although Cyan Shores Instagram Account reflected an image of shirts for Emerald Cove Middle School with the following caption “200 middle schoolers are ready for Gradventure at Universal Studios...”

The OIG contacted Ms. Kellie McCauley, the teacher responsible for the Grad Venture event at Emerald Cove Middle School. Ms. McCauley stated she reached out to Shea Stockman, a previous employee of Emerald Cove Middle School, who she knew did screen printing. Ms. McCauley confirmed that Mr. Stockman assisted her and informed her the invoice for the order would be coming from Three60Printing.

Emerald Cove Middle School internal fund account records indicate the school submitted a payment to Three60Printing totaling \$2,166.50 dated May 24, 2018. The supporting documentation for the payment included an invoice that appears to be from Three60Printing reflecting the following items (**Exhibit 3**):

Description	Qty.	Price	Amount
Gildan 5000 Athletic Grey – Two Color Front/One Color Back	240	\$5.75	\$1,380.00
Next Level Men/Ladies Shirt – Athletic Grey – Two Color Front/One Color Back	21	\$6.50	\$136.50
Purple Drawstring Bag – Green Writing	200	\$3.25	\$650.00
Total			\$2,166.50

The OIG reviewed District email records that reflected various emails supporting Mr. Stockman dealt with Ms. McCauley, as follows:

- An email dated January 29, 2018, with subject “T-Shirts for 8th Grad Venture” confirms that Ms. McCauley reached out to Mr. Stockman regarding t-shirts. On the same day, Mr. Stockman replied to Ms. McCauley stating “I work with a business

vendor who contracts my services... So yes, you can use me :-) I'll give you a call later today if that is ok" (**Exhibit 4**).

- An email dated May 16, 2018, from Cyan Shores to Ms. McCauley with subject "Invoice from Cyan Shores LLC (0112)" with a link to view and pay the invoice. The link reflected an invoice with the name Three60Printing (**Exhibit 5**).
- An email dated May 24, 2018, with subject "Invoice" with an invoice attached with the name Three60Printing (**Exhibit 6**).

Florida Statute and School Board Policy Violations

Florida Statute 112.313 (3) Standards of conduct for public officers, employees of agencies, and local government attorneys states, in part, "Nor shall a public officer or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer's or employee's own agency, if he or she is a state officer or employee, or to any political subdivision or any agency thereof, if he or she is serving as an officer or employee of that political subdivision."

School Board Policy 3.02 (c) Code of Ethics states that employees should exemplify honesty and integrity in the performance of their official duties for the School District.

School Board Policy 3.02 (e) Code of Ethics provides that "A conflict of interest can exist anytime your position or decisions provide the District or yourself with a financial benefit or improper advantage. A conflict of interest shall be defined as a situation in which the employee's regard for a private interest tends to lead to a disregard of the employee's public duty or interest. We are permitted to receive outside income as long as it does not create a conflict with our work in the School District. Unethical conduct includes, but is not limited to, the employee:

- iv. Advertising business or professional activities on school district property or use work hours, property or services to perform or promote personal business or professional activities, or to campaign or raise money for any candidates for political office."

Although Mr. Stockman resigned from employment on October 23, 2018, the above took place while he was employed by the School District. Based on testimony obtained and documentation reviewed, the OIG determined that the allegation that Shea Stockman, a former teacher at Forest Hill Community High School, submitted an invoice to a District school using a different vendor name for work completed by his company was **Substantiated**.

ALLEGATION 3: EVIDENCE & TESTIMONY

Allegation: Shea Stockman, a former teacher at Forest Hill Community High School, violated District internal procedures by instructing a parent to pay him/his business directly for soccer items.

Testimony of Shea Stockman, Former Teacher, Forest Hill Community High School

Mr. Stockman was presented with an email he sent to parents in 2017 related to the Emerald Cove Middle School girls' soccer team where he instructed a parent to make payments for shirts and/or uniforms to Pheebz LLC.

Mr. Stockman stated he provided shirts and uniforms at cost to the students on the girls' soccer team at Emerald Cove Middle School. Mr. Stockman added that the purchase of shirts was optional and not required. Uniforms were provided by the school's athletic program if the student did not have the means to purchase a uniform. Mr. Stockman confirmed he was not compensated by the school's athletic program. Mr. Stockman stated he does not recall getting approval from the Principal or Athletic Director.

Mr. Stockman stated that 2017 was the only year he had parents pay his business directly for soccer items. Prior to that year, he did business with other vendors such as Promo Plus and dealt with Laura Warner. Mr. Stockman explained that he would collect payments and pay the vendor directly. Although Mr. Stockman took the required online training related to internal account procedures, he did not always deposit funds collected to the internal accounts or complete check requisition forms to pay the vendors, as required.

Testimony of Eugena Feaman, Principal, Emerald Cove Middle School

Ms. Feaman stated she was aware that Mr. Stockman had a screen printing business. Ms. Feaman confirmed Emerald Cove Middle School did not do business with him because he was not a District bid awarded vendor. Ms. Feaman stated that Mr. Stockman was a girls' soccer coach in 2017. Ms. Feaman was not aware that Mr. Stockman asked parents to make checks payable to his business for the purchase of soccer uniforms and/or shirts.

Ms. Feaman confirmed that Mr. Stockman nor anyone else asked for approval. Ms. Feaman checked with the Athletic Director who said they were not aware of the situation. Ms. Feaman noted there were 20 students on the soccer team that year.

Documentation Reviewed

District email records indicate that on January 26, 2017, Mr. Stockman exchanged emails with a parent regarding the girls' soccer team. Mr. Stockman replied with pricing information for shirts, uniforms and athletic fees. The email stated "If you are making out a check, the athletic fee goes out to Emerald Cove middle school and all the other stuff goes to Pheebz LLC." (**Exhibit 7**).

Florida Statute, School Board Policy and Procedures Violations

Florida Statute 112.313 (3) Standards of conduct for public officers, employees of agencies, and local government attorneys states, in part, "Nor shall a public officer or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer's or employee's own agency, if he or she is a state officer or employee, or to any political subdivision or any agency thereof, if he or she is serving as an officer or employee of that political subdivision."

School Board Policy 3.02 (e) Code of Ethics provides that “A conflict of interest can exist anytime your position or decisions provide the District or yourself with a financial benefit or improper advantage. A conflict of interest shall be defined as a situation in which the employee’s regard for a private interest tends to lead to a disregard of the employee’s public duty or interest. We are permitted to receive outside income as long as it does not create a conflict with our work in the School District. Unethical conduct includes, but is not limited to, the employee:

iv. Advertising business or professional activities on school district property or use work hours, property or services to perform or promote personal business or professional activities, or to campaign or raise money for any candidates for political office.”

Chapter 7 of the District’s Internal Accounts Manual states that:

- All funds handled by school board employees during normal working hours shall be included in and become part of the internal funds, and must be recorded in School Cash unless accounted for in the district-level PeopleSoft accounting system.
- Activity sponsors are responsible for the collection of funds, completion of district forms to document those collections, making prompt deposits of funds, confirming that funds were recorded in the student activity account correctly and timely, and monitoring account balances and online payments on a regular basis.
- Activity sponsors must submit collections to the front office on a daily basis.

Chapter 8 of the District’s Internal Accounts Manual states that:

- All disbursements from internal funds must be in the form of approved pre-numbered checks.
- All purchases from internal funds require the advance approval of the principal.
- Teacher/sponsors may not make unauthorized purchases without first routing them to the principal for approval to confirm their compliance with district purchasing guidelines and policies.

Although Mr. Stockman resigned from employment on October 23, 2018, the above took place while he was employed by the School District. Based on testimony obtained and documentation reviewed, the OIG determined that the allegation that Shea Stockman, a former teacher at Forest Hill Community High School, violated District internal procedures by instructing a parent to pay him/his business directly for soccer items was ***Substantiated***.

ALLEGATION 4: EVIDENCE & TESTIMONY

Allegation: Laura Warner, a substitute teacher, submitted invoices to District schools using a different vendor name for work she completed.

Testimony of Laura Warner, Substitute Teacher

Ms. Warner explained that she is a substitute teacher for the Palm Beach County School District and is also a sales representative for Three60Printing. Ms. Warner stated that she has been working with Three60Printing for about a year. Ms. Warner said she developed a relationship with Three60Printing by looking through the District's bid awarded vendor list and contacting the owner, Omar Turrall. Ms. Warner stated that she works on a commission based structure, where the owner of Three60Printing takes 10% of each sale. Ms. Warner explained that Three60Printing does not complete any of the work, it is only the business name being used to complete the orders. Ms. Warner receives a 1099 form yearly from Three60Printing.

Ms. Warner said that initially she was using Three60Printing invoices, but for ease she now prepares the invoices herself and uses the business name on the header.

Ms. Warner stated that she has a business, Promos Plus, that is under her husband's name. Ms. Warner noted she is an officer for the company, Vice President of Sales. Ms. Warner explained Promos Plus was previously a bid awarded vendor for the School District either three or six years ago. Ms. Warner explained that when the District sent her and other vendors an email with information regarding extending the contract, she did not read the email in time to extend her contract.

Ms. Warner stated her current process for taking orders from District schools is as follows: she meets with person from school to provide a catalog so that the colors, designs, etc. can be selected, provides proof to customer for approval, then places order from a distributor. Once she receives the order from the distributor, she will either deliver or ship it to the school. Ms. Warner confirmed the school sends payment to Three60Printing. Ms. Warner stated that she does not print or embroider items herself, she uses businesses such as Florida T-Shirts and Dynamics Screen Printing to complete her orders.

Testimony of Omar Turrall, Three60 Printing, LLC

Mr. Turrall confirmed he is the owner of Three60Printing, LLC. located in Fort Lauderdale, Florida and has been a Palm Beach County School Board bid awarded vendor since 2015.

Mr. Turrall explained his business does screen printing and embroidery in-house and ad specialty items such as umbrellas, signs, trinkets, and custom water bottles are done through a distributor. Mr. Turrall stated that when he receives an order for ad specialty items, the distributor he uses will send the product directly to the school. Mr. Turrall noted he does not consider using a distributor, subcontracting. Mr. Turrall was asked if he was aware per his agreement with the Palm Beach County School Board that he is to notify the Purchasing Department if he will be using a sub-contractor. Mr. Turrall stated he was not aware of that and has not notified the Purchasing Department.

Mr. Turrall stated he has two sales associates that are in-house. Mr. Turrall explained that he considers in-house sales associates those that actually use his systems and artwork. Mr. Turrall stated that Laura Warner is not an in-house sales associate, but instead a contractor.

Mr. Turrall stated that Ms. Warner and her husband, Arthur Warner, own Promos Plus. Mr. Turrall has been working with Ms. Warner since August 2017. Mr. Turrall stated he has never met Ms. Warner in person and has only dealt with her through phone and email. Ms. Warner reached out to Mr. Turrall because she was interested in working with him. Ms. Warner told him she had her own company, did all her work in-house, and was looking to work with him. Mr. Turrall stated that since Ms. Warner was going to be doing all the work, he agreed to a 90/10 commission structure.

Mr. Turrall confirmed she did all the work for the orders she received and he did not get involved except for receiving payment from whomever placed the order. Mr. Turrall explained that once he received payment, he would send a check to either Ms. or Mr. Warner minus his 10% and any applicable sales tax. Mr. Turrall noted that Ms. Warner would generate the invoices and send them to the appropriate school. Mr. Turrall stated that Ms. Warner sent him the invoices for the orders she worked on.

Mr. Turrall confirmed that his role in all the orders Ms. Warner took and completed using Three60Printing, was that he allowed her to use his business name for a 10% profit. Mr. Turrall explained that in his industry it is very common to have arrangements such as the one he had with Ms. Warner and that people call him frequently asking for the same arrangement.

Mr. Turrall noted that he provides Ms. Warner a W-9 at the end of the year.

Regarding the order Ms. Warner was involved with for Emerald Cove Middle School for “Grad Venture”, Mr. Turrall stated he did not complete any of the work and was under the impression the order was completed by Ms. Warner.

Mr. Turrall confirmed he does not know Shea Stockman or Cyan Shores.

Mr. Turrall stated he has not heard from Ms. Warner since he contacted her asking for an explanation regarding Mr. Shea Stockman after being contacted by the OIG. Mr. Turrall noted he does not have much knowledge of Ms. Warner’s history with the School District. Mr. Turrall confirmed he has not done business with Ms. Warner since June/July 2018.

Documentation Reviewed

Based on Ms. Warner’s testimony, the OIG reviewed District internal fund account payments to Three60Printing between July 2017 and September 2018. The information reviewed, revealed inconsistencies with the invoice numbers for Three60Printing. The OIG requested copies of invoices for each payment and determined that 22 invoices differed in format and/or included Ms. Warner’s phone number as part of the invoice while the other invoices had Three60Printing’s phone number. The 22 invoices totaled \$16,977.84 (*total includes the invoice discussed in Allegation 2*). **Exhibit 8** reflects a sample of the difference in the invoices.

As a result, Mr. and Ms. Warner received a total of \$14,673.15⁴ from Three60Printing for the orders she completed for the schools that were invoiced using Three60Printing’s name.

⁴ Reflects sales tax deductions where applicable.

The Division of Corporations, the State of Florida’s official business entity index and commercial activity website (Sunbiz.org), reflects that as of February 17, 2017, the owner of Promos Plus, a fictitious name, is Arthur Warner. Historical information reflects that Laura Warner was the owner of Promos Plus from May 13, 2011, until January 24, 2014, when Michelle Warner became the owner.

District records reflect that Promos Plus was a District bid awarded vendor as part of bid 14C-19B Term Contract for Promotional/Novelty Items, Trophies and Plaques. The term of this contract was from November 25, 2013 through February 6, 2016. The contract had an option of being renewed for one additional one-year period. On November 17, 2015, the Palm Beach County School Board approved a contract extension from February 7, 2016, through May 6, 2016.

The OIG obtained records reflecting a consent to assignment of contract related to bid 14C-19B dated June 2014 and signed by the then District’s Chief Operating Officer from Laura Warner dba Promos Plus to Michelle Warner dba Promos Plus (**Exhibit 9**).

District internal fund account records reflect that District schools continued to utilize the services of Promos Plus although it was no longer a bid awarded vendor, as follows:

Dates	No. of Schools	Amount
06/01/16	1	\$969.00
FY 2016/17	6	\$34,571.69
FY 2017/18	4	\$25,883.43
08/23/18	1	1,075.00
TOTAL		\$62,499.12

Ms. Warner should have terminated any business dealings with the school District after the expiration of the contract. Instead, Ms. Warner circumvented District procedures in order to continue doing business with the District by submitting invoices using Three60Printing’s name.

Florida Statute and School Board Policy Violations

Florida Statute 112.313 (3) Standards of conduct for public officers, employees of agencies, and local government attorneys states, in part, “Nor shall a public officer or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer’s or employee’s own agency, if he or she is a state officer or employee, or to any political subdivision or any agency thereof, if he or she is serving as an officer or employee of that political subdivision.”

School Board Policy 3.02 (c) Code of Ethics states that employees should exemplify honesty and integrity in the performance of their official duties for the School District.

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permitted to receive outside income as long as it does not create a conflict with our work in the School District. Unethical conduct includes, but is not limited to, the employee:

- iv. Advertising business or professional activities on school district property or use work hours, property or services to perform or promote personal business or professional activities, or to campaign or raise money for any candidates for political office.”

Based on testimony obtained and documentation reviewed, the OIG determined that the allegation that Laura Warner, a substitute teacher, submitted invoices to District schools using a different vendor name for work she completed was *Substantiated*.

ADDITIONAL INFORMATION

Three60Printing, LLC.

As discussed in Allegation 4, Mr. Turrall allowed Ms. Warner to use the name of his business in order for her to continue to do business with the District. Based on the commission structure agreement discussed by both Ms. Warner and Mr. Turrall in their testimonies, Mr. Turrall made approximately \$1,600 from the orders completed by Ms. Warner. Mr. Turrall did not perform any work and yet was able to obtain a profit.

Bid Awarded Vendors and District Employees

The OIG compiled a list of the bid awarded vendors for contracts: 1) *16C-36B Term Contract for the Purchase of Promotional/Novelty Items, Custom Imprinted Shirts and Apparel and Trophies* and 2) *14C-19B Term Contract for Promotional/Novelty Items, Trophies and Plaques*. The OIG also obtained from The Division of Corporations, the State of Florida’s official business entity index and commercial activity website (Sunbiz.org) the names and addresses associated with each vendor (registered agent, president, vice president, manager, etc.).

A comparison of the information against District employee records, found three (past and present)⁵ vendors that either had corresponding names and/or addresses with employee records.

Florida Statute 112.313 (3) Standards of conduct for public officers, employees of agencies, and local government attorneys states, in part, “No employee of an agency acting in his or her official capacity as a purchasing agent, or public officer acting in his or her official capacity, shall either directly or indirectly purchase, rent, or lease any realty, goods, or services for his or her own agency from any business entity of which the officer or employee or the officer’s or employee’s spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer’s or employee’s spouse or child, or any combination of them, has a material interest.”

⁵ Includes the business discussed in allegation #3.

RECOMMENDATIONS

The OIG recommends that the Director of Purchasing:

- Review all District vendors to ensure the owners are not District employees.
- Communicate to schools the importance of verifying that vendors are on the bid awarded list, since the list can change frequently.
- Consider suspending Three60Printing, LLC., if warranted.
- Consider debarring Promos Plus, Cyan Shores, LLC., or any business name related to Ms. Warner or Mr. Stockman, if warranted.

The OIG recommends the Office of Professional Standards review the violations and findings regarding Ms. Warner.

AFFECTED PARTY NOTICE

In accordance with *School Board Policy 1.092 (8)(b)(iv)*, on December 17, 2018, Mr. Stockman and Ms. Warner were notified of the investigative findings and provided with an opportunity to submit a written response to these findings.

On January 29, 2019, the OIG received a response submitted by Attorney Christopher DiSchino on behalf of Mr. Stockman. The response, in its entirety, is attached (**Exhibit 10**). The findings of this report will remain the same. The investigative findings support that Mr. Stockman's actions were not consistent with *Florida Statute 112.313 Standards of conduct for public officers, employees of agencies, and local government attorneys, School Board Policy 3.02 Code of Ethics, and Chapters 7 and 8 of the District's Internal Accounts Manual*.

Regarding the request to remove allegation #4, in this particular allegation Ms. Warner is the subject, not Mr. Stockman. The allegation will not be removed.

Regarding the Board's consideration to debar Cyan Shores, LLC., Mr. Stockman, or any business name related to Mr. Stockman, the OIG's report did not mention the Board. The recommendation is from the Inspector General to the Director of Purchasing. The Director of Purchasing is not required to accept the recommendation.

No response was received from Ms. Warner.

DISTRIBUTION

Palm Beach County School Board Members
Dr. Donald E. Fennoy II, Superintendent
Audit Committee Members
Purchasing Department
Office of Professional Standards
OIG file

Investigation Conducted by:

Veronica Vallecillo, CIGI

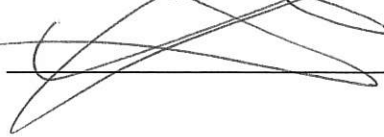


2-8-19

Date

Investigation Supervised by:

Oscar Restrepo, CIGI, Director of Investigations



2-8-19

Date

Investigation Approved by:

K. Lung Chiu, CIG, Inspector General



2-8-19

Date

The evidentiary standard used by the School District of Palm Beach County OIG in determining whether the facts and claims asserted in the complaint were proven or disproven is based upon the preponderance of the evidence. Preponderance of the evidence is contrasted with “beyond a reasonable doubt,” which is the more severe test required to convict a criminal and “clear and convincing evidence,” a standard describing proof of a matter established to be substantially more likely than not to be true. OIG investigative findings classified as “substantiated” means there was sufficient evidence to justify a reasonable conclusion that the actions occurred and there was a violation of law, policy, rule, or contract to support the allegation. Investigative findings classified as “unfounded” means sufficient evidence to justify a reasonable conclusion that the actions did not occur and there was no violation of law, policy, rule, or contract to substantiate the allegation. Investigative findings classified as “unsubstantiated” means there was insufficient evidence to justify a reasonable conclusion that the actions did or did not occur and a violation of law, policy, rule, or contract to support the allegation could not be proven or disproven.