

Dallas Public Fraud Prevention Services
Anonymous Hotline Reporting

POB 455
Addison, TX 75001-0455

www.dpfps.org

June 18, 2004

Ms. Mary K. Suhm
Dallas City Manager
1500 Marilla Street, Room 4EN
Dallas, Texas 75201-6390

**RE: Texas Public Information Act - Open Records Request
Dallas Police & Fire Pension System
ID # 0301-052**

Dear Ms. Suhm:

According to minutes obtained from the Dallas Police & Fire Pension System and affirmed as true and correct by its Assistant Administrator, Donald Rohan, the following event occurred during a Board of Trustee meeting held on May 29, 2002 ([Exhibit "A"](#), [Exhibit "B"](#)):

"After discussion, Mr. Shaw (a licensed attorney) made a motion to open the locked trunk, which belonged to C.A. Alexander of CFOpros and was believed to contain Pension System property. Mr. Edge (Chairman, Investment Advisory Committee) seconded the motion, which was unanimously approved by the Board."

Pursuant to the Texas Public Information Act, Chapter 552, please provide a copy of the court order authorizing the forced entry into the locked trunk by members of the Board of Trustees. If none, please provide a copy of the police report for this unlawful breaking and entering. If none, please explain.

Please note that we are requesting that your office compile information responsive to this Open Records Request, and that a written itemized statement of estimated charges be provided in advance of work being started should the estimated charge exceed \$10.

Please advise should you have comments or require additional information. Thank you.

Sincerely,

Columbus A. Alexander, III, CPA
Certified Fraud Examiner
www.dpfps.org

cc: Mayor Laura Miller
Dallas City Councilmembers
Shirley Acy, City Secretary

Dallas Police and Fire Pension System
Tuesday, May 28, 2002
2:00 p.m.
2301 North Akard Street
First Floor Conference Room
Dallas, Texas

Exhibit "A"

Special meeting, Gerald Brown, Chairman, presiding:

ROLL CALL

Board Members

Present: Gerald Brown, Gary Edge, Councilmember Donald Hill, Rector C. McCollum, Steve Shaw, George Tomasovic, Steven Umlor, and Richard Wachsman

Absent: John Mays, Councilmember Maxine Thornton-Reese

Staff Richard Tettamant, Don Rohan, Brian Blake, Linda Stevenson, and Everard Davenport

Others Gary Lawson, Eric Calhoun, Leland C. Giannini, and William W. Rudolph

* * * * *

The meeting was called to order at 2:04 p.m.

* * * * *

A. DISCUSSION OF ITEM FOR INDIVIDUAL CONSIDERATION

Update on the examination of the System's financial process and internal controls

C. A. Alexander, of CFOpros, who had been engaged in an audit of the System's financial processes and internal controls, was invited to attend the meeting and discuss his findings with the Board. Mr. Alexander did not attend the meeting.

In accordance with the terms of Sections 551.071, Texas Government Code, the Board went into a closed executive legal session at 2:04 p.m.

The meeting was reopened at 4:15 p.m.

The meeting was recessed at 4:16 p.m.

Special Board Meeting
Tuesday, May 28, 2002

* * * * *

The meeting was reconvened on Wednesday, May 29, 2002 at 8:39 a.m.

* * * * *

A. DISCUSSION OF ITEM FOR INDIVIDUAL CONSIDERATION (continued)

Update on the examination of the System's financial process and internal controls (continued)

After discussion, Mr. Shaw made a motion to open the locked trunk, which belonged to C. A. Alexander, of CFOpros, and was believed to contain Pension System property. Mr. Edge seconded the motion, which was unanimously approved by the Board.

The trunk was opened under the observation of the System's legal counsel (Lawson, Fields, McCue, Lee & Campbell, P.C.) and Leland Giannini, of KPMG, LLP, the System's financial processes examiner. The contents were turned over to Mr. Giannini for inventory.

In accordance with the terms of Sections 551.071, Texas Government Code, the Board went into a closed executive legal session at 8:50 a.m.

The meeting was reopened at 9:56 a.m.

No motion was made.

* * * * *

B. BRIEFING ITEM

Administrator's report

No report was given.

* * * * *

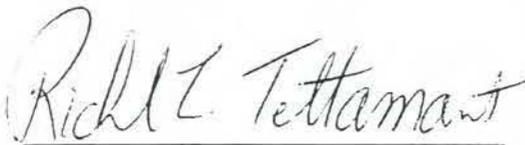
**Special Board Meeting
Tuesday, May 28, 2002**

187

Mr. Tettamant stated that there was no further business to come before the Board. On a motion by Mr. Edge and a second by Mr. Shaw, the meeting was adjourned at 9:56 a.m.


Gerald Brown
Chairman

ATTEST:


Richard L. Tettamant
Secretary

Metropolitan

The Dallas Morning News
DallasNews.com

Wednesday, May 22, 2002
II Page 31A

Audit: \$20,000 missing

Police-fire pension
board fires examiner,
disputes some assertions

By **DAVE MICHAELS**
Staff Writer

An employee of Dallas' police and fire pension system embezzled nearly \$20,000 from its operating budget, and the fund has lost a significant number of its records to theft or shredding, according to an audit obtained by *The Dallas Morning News*.

The pension system's board of trustees said Tuesday that the employee has been terminated. The audit says she agreed to plead guilty to theft charges.

The woman is not being named because she has not been arrested or charged with a crime.

The suspect's attorney, Marcus Norman of Dallas, declined to comment about the case. He confirmed that his client was terminated but has not been arrested.

She was cashing checks from the pension system's petty-cash account and buying personal items

See **AUDITOR** Page 35A

Auditor: \$20,000 stolen from fund

Continued from Page 31A

with pension system funds, trustees said.

The money was stolen over the course of a year and a half or two years, said Steven Shaw, a Dallas police sergeant who is the vice chairman of the board. "Most of it happened in the several months prior to us detecting it. It seemed to escalate as they [police] got nearer to her detection and apprehension."

The pension fund has about \$1.9 billion in assets, officials said, so the loss was not expected to affect any pensioners.

Sgt. Shaw said the case is being investigated by the Police Department's general assignments section, which handles white-collar crime.

Pension system administrators noticed the fraudulent checks in March and immediately referred the case to the Police Department, they said. They also hired an outside auditor, the forensic accounting firm CFOpros, to inspect the overall security of their system.

The auditor, Columbus Alexander III, wrote in his report that the pension system is so riddled with accounting and record-keeping problems that the board should create a management oversight committee.

Mr. Alexander, whose report was received by trustees Monday, did not return a phone call Tuesday seeking comment.

Pension system trustees voted Tuesday to terminate Mr. Alexander's contract, saying he made wide-ranging allegations about fraud and abuse but declined to disclose evidence to support his conclusions.

Mr. Alexander wrote that a "senior member of the system's management team" discouraged him from extending his audit beyond

the allegations about employee theft. Mr. Alexander also wrote that the senior manager urged him not to report other problems to trustees.

Mr. Alexander's report stated that the suspect said she had two accomplices and that several others "were aware of her illegal activities."

"Accordingly, we recommend that no fewer than two interviews be conducted with ... [the suspect] at this time for the purpose of determining the nature and content of her allegations," Mr. Alexander wrote.

Among the report's other findings:

- The system's accounts-payable rolls contained "numerous errors, incomplete postings and a wealth of omissions."

- Archived records about accounts payable that were stored at an off-site location are missing — possibly stolen or destroyed.

- Members of the system's management team were "systematically procuring" the personal bank records of employees.

Sgt. Shaw disputed many of those assertions. He said he does not know what the Police Department's investigation found.

Detectives were unavailable Tuesday for comment.

"We have absolutely no evidence that any other employee is involved in this," Sgt. Shaw said. "It is typical when someone is confronted with a criminal allegation that they try to blame other people."

Sgt. Shaw said the pension system has been reimbursed about \$9,000 of its losses by banks where the suspect cashed checks.

Trustees replaced Mr. Alexander with the accounting firm KPMG, which they hope will provide them with a new report within three weeks.



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Richard L. Tettamant,
Administrator

Brian F. Blake,
Assistant Administrator

Donald C. Rohan,
Assistant Administrator

Board of Trustees

Gerald Brown, Chairman
Gary W. Edge
Donald W. Hill
John M. Mays
Rector McCollum
Steven G. Shaw
Maxine Thornton-Reese
George J. Tomasovic
Steven H. Umlor
Richard H. Wachsman

August 6, 2002

DALLAS MORNING NEWS
Metropolitan Section Editor
508 Young Street
Dallas, Texas 75202

Mr. Dave Michaels
DALLAS MORNING NEWS
508 Young Street
Dallas, Texas 75202

Mr. John Gill, J.D., CFE
General Counsel
Association of Certified Fraud Examiners
The Gregg Building
716 West Avenue
Austin, Texas 78701

Re: *Dallas Morning News* Dallas Police and Fire Pension System Audit Article of
May 22, 2002.

Dear Sirs:

On May 22, 2002, an article written by Mr. Michaels appeared in the Metropolitan Section of the *Dallas Morning News* regarding the Dallas Police and Fire Pension System (the "Pension System") audit, which, in turn, was posted on the website of the Association of Certified Fraud Examiners. A copy of both articles is attached to this letter. After reviewing the article, it has become clear that there were several potentially misleading statements and/or ambiguities in the information reported by Mr. Michaels which should now be corrected concerning CFOpros and its Certified Fraud Examiner, Mr. Columbus A. Alexander, III, who was hired by the Pension System.

In particular, the inaccuracies are as follows and should be corrected:

1. In your subheadline, it states "Police-Fire Pension Board Fires Examiner, Disputes Some Assertions". In fact, the Pension System did not "fire" Mr. Alexander; rather, his Contract terminated on May 8, 2002, per its terms, and at its Board of Trustees' meeting on May 9, 2002, the Pension System chose not to extend the Contract beyond its terms.

Dallas Morning News
Mr. Dave Michaels
August 8, 2002
Page 2

2. On the second page of the Article, in the next to last paragraph in the left column, the article reads that, "Pension System Trustees voted Tuesday to terminate Mr. Alexander's contract, saying he made wide-ranging allegations about fraud and abuse but declined to disclose evidence that supports his conclusions". Again, the Board of Trustee's did not vote to terminate Mr. Alexander's Contract, but rather to not extend a contract that had already terminated by its own terms. In addition, the appropriate time for Mr. Alexander to provide all of the evidence supporting his interim conclusions had not yet arisen when the article was published.

The Pension System is hopeful that you will publish this letter soon to make sure the potentially misleading statements are corrected for the public record. The Pension System further hopes that the potentially misleading and/or ambiguous information reported by Mr. Michaels did not cause any harm to Mr. Alexander, CFOpros, its partners, and affiliates.

Respectfully Submitted,



Chairman of the Board of Trustees,
Dallas Police and Fire Pension System

TB:cll

cc: Columbus A. Alexander, III, CFE