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ATTORNEY-CLIENT PRIVILEGED MATERIAL—PRIVILEGED AND CONFIDENTIAL

Memorandum

Date January 22, 2006

To Bruce Weaver

From Kip Mendrygal
Paul Coggins
Madeleine Johnson

Re Supplemental Employee Referral: **Darlene English, Nurse Specialist, Health Services**

Client Dallas Independent School District

On January 17, 2007 Pete Nielsen interviewed Ms. Darlene English pursuant to this law firm's investigation into DISD's Procurement Card ("Pcard") Program.

Between May and August 2003, Ms. English executed 44 transactions for a total of \$30,226.21 with a company called "Dallas Midwest Company." In our first interview, Ms. English stated that this company was performing a construction project on the nursing offices in 2003, but failed to win a competitive bid to complete the project. After the company lost the bid, Ms. English stated that she instructed Dallas Midwest Company to break out the transactions so that they did not exceed \$1000, and to charge her card on a periodic basis as needed. Ms. English stated that she did this because the department wanted to continue using this vendor (even though they had lost the competitive bid to complete the project) because this company had completed the first half of the project, and was most knowledgeable about what needed to be done, and that everyone was pleased with their work.

In Mr. Nielsen's second interview, Ms. English stated that Dallas Midwest Company was a vendor that sold and installed office furniture in the Health Services department. Ms. English stated that Dallas Midwest had provided services to other DISD departments previously and had drawn up plans to design and install office furniture for the nursing offices. Ms. English stated that she knew there was a \$1000 rule on the Pcard, but that she understood Dallas Midwest to be a DISD "preferred vendor." Sometime after ordering all of the equipment and having Dallas Midwest draw up the plans for the installation of the furniture, Ms. English stated that she learned that Dallas Midwest was not a preferred vendor—thus, she instructed the vendor to break up the transaction so that the invoices were no larger than \$1000.

In Mr. Nielsen's third interview (which was later that day), Ms. English admitted that she knew from the beginning of the project that Dallas Midwest was not a "preferred vendor," and that she structured the invoices in this way because she did not want to use the purchase order process (which would result in bidding the project) because she wanted to ensure that this vendor would be the one to do this work.