

Mr. Joseph DiMartino
President, Derby Board of Aldermen
5 Talmadge St., Derby, Ct.

January 12, 2021

Dear Mr. DiMartino,

I am writing to the Derby Board of Alderman to express my support for Derby Treasurer Walter Mayhew's recommendation of an independent review of the Derby financial records and the finance office. My express support for his recommendation is a direct result of a FOIA request I made to the Pomperaug School District, Region 15, for selected financial and administrative records.

I received about 250 documents from the Region for which I paid \$125.00. The records should be concerning to the City of Derby because of their detailed abundance as well as their lack.

My FOIA request focused on records when Keith McLiverty was the Director of Finance and Operations at Region 15. The documents, and lack of documents, show numerous and substantive failures of required procedures and failures of accepted internal controls. These failures may have personally benefited McLiverty, a political crony of his and were harmful to the residents and taxpayers of Region 15.

For instance, McLiverty's contract provided for Region 15 to make a contribution to a Tax Sheltered Annuity on McLiverty's behalf. No documents were provided to me to support any contribution to a Tax Sheltered Annuity for McLiverty. Instead, McLiverty received checks in various amounts in his own name and paid to him directly in lieu of a Tax Sheltered Annuity as called for in his contract. Additionally, the checks appear to be structured to avoid any one check being in excess of \$10,000. Unless these amounts were reflected on McLiverty's form W-2, this is not only a contractual violation but likely has Federal and State income tax implications. There was no authority or approval produced under my FOIA request for changing the Tax Sheltered Annuity provision of his contract to a direct payment to McLiverty.

More substantively, McLiverty seems to have circumvented the Region 15's educator contract and procedural safeguards for the reimbursement of education costs to maintain the professional staff's certifications, including his own certification. McLiverty's contract allowed for the annual reimbursement of up to \$4,000 for required educational costs. Educators seeking reimbursement were to pay the tuition and then submit a form for reimbursement. The documents provided to me show tuition paid directly to McLiverty's college/university, thereby avoiding reimbursement to McLiverty. In many instances the payments made to the college/university were far in excess of the \$4,000 limitation allowed for in the contract. The Region could provide no authority for McLiverty circumventing the reimbursement process. The cost to the Region of McLiverty's education exceeded \$60,000, most of which was paid for outside of the established reimbursement procedures. It is unclear from the documents who authorized the Region to pay the university directly rather than McLiverty submitting reimbursement requests as his peers were required to do. The excess payments directly to the university and in excess of the contractual ceiling appear to directly benefit McLiverty. Once again, these payments may have federal and state income tax implications if they weren't reported on McLiverty's tax returns.

During McLiverty's tenure as Finance Director for Region 15, McLiverty engaged Certa-Pro Painters/Marc Garofalo for painting Region 15 buildings. The documents show that from 2009 through 2016 over \$700,000 of painting work was done. As part of my FOIA request I asked for copies of all bids for painting work and for the results of those bid awards for painting work. The Region did not produce any documents supporting competitive bidding for this work. Furthermore, I requested and received copies of for 1099 informational returns for Certa-Pro Painters/Garofalo. The 1099s I received were inconsistent and sporadic, some of which did not tie out to the account totals of the check runs paid to Certa-Pro/Garofalo. I requested bids for outside painting work from 2005 – 2008, the first several years of McLiverty's tenure, but the Region did not produce any records of bids for painting during those years. The Region did produce an email dated May of 2017 from the purchaser of Garofalo's Certa-Pro business expressing his interest in an opportunity to bid on any painting work for which the Region may be soliciting. McLiverty replied to the email stating the budgets were tight and any painting would be handled by the custodial staff. For the record, Region requires written estimates for work between \$3,000 and \$10,000. All work over \$10,000 requires the solicitation of formal bids with the appropriate public notices and opening and public awards of the bids.

I currently have two outstanding FOIA requests, one to the Derby Chief of Police and another to the Derby Town Clerk. Those two FOIA requests relate to an incident that caused me to call the Derby Police on or about November 7, 2019. That incident, my call to the police and my final Finance Director report to the Aldermen for their meeting of November 14, 2019, and McLiverty's loss to Walter Mayhew as Treasurer, is the reason I was called into a meeting with the Mayor, Andrew Baklik and Vin Marino, the corporation counsel, and told to resign on the spot the afternoon of November 14, 2019. It is not a coincidence that the two career Assistant Town Clerks left their positions soon after I was forced to resign. The two Assistant Town Clerks left because they felt their integrity was compromised by the administration's failure to adequately address the incident that was discovered in the Town Clerk's office on or about November 7, 2019. They received no support for voicing their credible concerns of a possible criminal act that occurred involving the Town Clerk's office.

For the above reasons I fully support Treasurer Walter Mayhew's suggestion that an independent audit be performed of the Derby finance accounts. McLiverty was the Treasurer of the City of Derby for over 20 years and had control of nearly all of Derby's bank accounts. Pomperaug School District Region 15 discovered several serious and substantive administrative and financial issues that likely personally benefited McLiverty. The facts were brought to Region 15's attention by an outside source. In light of Region 15's experience, prudence and responsible leadership would support a complete review of Derby's finance office, bond program, grant programs and pension plan as suggested by the Treasurer Walter Mayhew.

I remind the Aldermen that the City Charter provides the Aldermen with the authority to compel testimony. The two former Assistant Town Clerk's and I will testify to the truth and provide documents supporting the truth for each and every fact stated in this letter.

One last point. I have sound reason to believe the Corporation Counsel, Vin Marino, interjected himself into the Town Clerk issue. For that reason I believe the Corporation Counsel has a conflict of interest and should not advise the Aldermen regarding compelled testimony or provide legal advise regarding the Town Clerk issue.

Salvatore Coppola.