

Robert Burns

From: Robert Burns <Robert@AuctionSellsFast.com>
Sent: Wednesday, June 09, 2010 4:52 PM
To: 'Olcotts@GOV.STATE.LA.US'
Cc: 'stephen.street@la.gov'; 'cynthia.summers@la.gov'; 'greg.lindsey@la.gov'; 'robert.collins@la.gov'
Subject: FW: Materiality of LALB Funds & BURYING the Inspector General Report

Ms. Olcott:

I'd like to relay that I met with Messrs. Street, Collins, and Lindsey as well as Ms. Summers today at the Inspector General's Office. I was VERY impressed with the specificity of the questions everyone asked and the thoroughness with which they had reviewed the material I had sent, and I have no doubt that a clear understanding of the environment in which the LALB operates has been appreciated by everyone at today's meeting. Mr. Street was even gracious enough to relay that, although I thought the LALB was a difficult environment, his office had encountered far worse.

In the email I sent below, I wish to formally retract the following statement: especially given that her identity was compromised by your office during its investigation.

I made that statement given only about a 15-second period to view a document, and upon my discussions with OIG personnel referenced above, I now believe that I may have used too strong of words in that statement, an action for which I take full responsibility and issue my sincerest apology. I apologized to each person in the room, and I wish to apologize to you for making what was an apparent overly-aggressive assessment.

As you can tell, the environment in which the LALB operates is far from desirable. That fact notwithstanding, I regret having made the overly-aggressive statement highlighted above. I ask that you please accept my sincerest apology.

Sincerely,



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-----Original Message-----

From: Robert Burns [mailto:Robert@AuctionSellsFast.com]
Sent: Sunday, May 30, 2010 1:20 AM
To: 'greg.lindsey@la.gov'
Cc: Freddie Phillips (freddiephillips@bellsouth.net); Sherrie Wilks (sherriemwilks@cox.net); 'stephen.street@la.gov'

'Olcotts@GOV.STATE.LA.US'

Subject: Materiality of LALB Funds & BURYING the Inspector General Report

Mr. Lindsey:

I appreciate the opportunity Freddie and I had to speak by phone on Thursday, and I know myself, Freddie, and Ms. Wilkes all anxiously await your communication to us next week regarding the Buster Gay travel voucher situation.

I would like to make several points:

- One possible explanation for the lack of focus your office placed on the travel voucher situation was stated to Ms. Wilks to be the relatively "small" dollar amount involved. Since I know most of your staff is comprised of either CPAs, CIAs, or both, and I am also a CPA (inactive) and have held that title for 21 years, as you know an important consideration of any audit is the concept of materiality.
- I'd like to point out that, as evidenced by the attached Excel spreadsheet outlining our last six years' financial results, we were bleeding red ink profusely during the time period in question. So, while \$5,000 may not seem like much in SOME LA state agencies, it represented nearly 6% of our GROSS revenues!! It also represented 4% of our ENTIRE cash balance (our only asset), so I do not believe this amount of money should have failed a materiality test.
- Secondly, I know I read about two years ago where an LSU professor was terminated for somehow embezzling approximately \$1,200 (if my memory serves me correctly) from the university by somehow inappropriately loading money onto a TigerExpress card (or whatever the card is that enables purchases from vending machines and the like). When he was terminated, I know Governor Jindal HIMSELF was quoted as saying, "We do not tolerate corruption, period!" So, if \$1,200 meets an apparent materiality test for an institution with a \$200 million + budget, I fail to see how \$5,000 for an agency with a mere \$84,000 annual budget can somehow fail a materiality test.
- Thirdly, when Ms. Wilkes informed James Quinn, the then Director of Boards and Commissions of the incident, she relayed that Boards and Commissions took the step of stripping Mr. Gay of his Chairmanship but allowing him to remain on the Board. Ms. Wilkes expressed then that doing so would make her life miserable and, if anything, she grossly understated the situation. I can tell you with UNEQUOVICAL CERTAINTLY that Mr. Gay began circulating a petition throughout North Louisiana among auctioneers to have Ms. Wilkes terminated. That petition drive climaxed at the June 2009 LAA Convention, when Mr. Gay announced in front of 47 LA Auctioneers, and this was after an hour of inappropriate bashing of "that office" which included GROSS untruths about Ms. Wilks and relaying that "everyone on the Board is in favor of firing Sherrie EXCEPT that darn Chairman (Ken Comer)." He then emphasized that Mr. Larry Nobles had the petition at the back of the room and requested that everyone sign it on their way out. The only thing that I think kept the petition from ever being presented is that two prominent auctioneers, Dave Gilmore and Keith Babb, wanted nothing to do with it. At any rate, I'm not even going to comment on the lack of professionalism Mr. Gay demonstrated on that hour-long tirade against Ms. Wilks because it was so inappropriate words cannot adequately convey how unprofessional this act was.
- Fourthly, I've also attached the minutes from the 11/16/09 meeting. Looking at them, one would never know an IG Investigation was ever conducted nor that it was discussed. How was that pulled off? Simple. Our attorney, with whom I now have a whole host of issues, merely had our current Executive Director, Sandy Edmonds, add a line to the agenda called "Chairman's Remarks." I have attached the agenda with that item highlighted. So, now there is zero historical evidence that an IG investigation ever took place or that it was planned for discussion. There was no entry in the minutes because no Board action was taken on the IG report, and there was no mention on the agenda because it was **BURIED** in "Chairman's Remarks."
- It is not INCREDIBLY ironic that the IG's report criticizes the LALB for avoiding the State's Open Meetings Laws for not placing items to be discussed on the agenda, and yet, for **THAT VERY ITEM**, it is not properly disclosed on the agenda?????? I ask again, is that not ironic????
- I will produce an audio tape of that segment of the 11/16/09 segment of the meeting, upload it, and provide you with the link to listen to the tirade the Chairman went on regarding the IG report. Unfortunately, our Executive Director is on vacation next week, so the soonest I can get in the office to digitize that section of the tape will be Monday, June 7.

I think you may have the picture of what is going on here. Now, on to two last points. Here is a audio link for the segment of the May 17 meeting entailing Freddie's request for travel reimbursement and also discussion on us hiring a new investigator.

www.bwwrealty.com/s_n_f_f.mp3

You can advance the tape to the **3:40** mark to begin hearing Freddie's request to go. The discussion concludes at the 13:15 mark.

I also want to point out that, regarding a new investigator position, at the **21:56** mark on the tape link above, Ms. Dow stated, "I actually sent out emails to **a number** of investigators whom I've worked with in the past, and he was the only one who responded." I am conducting a 100% positive-confirmation audit of that claim. I have sent Ms. Dow a certified letter requesting the names of the individual from whom we solicited proposals (the letter is attached). To date, I have received none. I will forward to you an email I sent to the selected applicant from May 17's meeting. My suspension is that no such names exist, and I have set a June 7 deadline for our attorney to submit the names. If it turns out there are none (and our Executive Director has all but indicated there are no others and, if there were, it should be relatively easy to either forward emails sent to them or supply their names), I will proceed accordingly.

As you can tell, I have SERIOUS, SERIOUS concerns regarding the integrity of the operations of our office, particularly that of our legal counsel, whom I fear you may have limited your inquiries to regarding the travel voucher matter. I might add that, had Ms. Dow followed ethical procedure when confronted with the Buster Gay travel voucher situation, she SHOULD have recused herself and had an independent attorney investigate the matter. After all, he was Chairman of the Board at the time of this alleged incident, and he therefore held considerable sway over her contract. She failed miserably in the way she handled the matter vs. the way it SHOULD have been handled.

It is my sincere hope, along with that of Mr. Phillips, and particularly that of Ms. Wilks, especially given that her identity was compromised by your office during its investigation, that this whole matter will be reopened in light of everything I have relayed above.

Again, I'll forward the email I sent to Mr. Asmussen, whom we approved as investigator at the May 17 meeting. I would also add that he had not been notified of his winning the contract even though nearly two weeks had passed when I contacted him. Interesting, huh??

Sincerely,



Robert Edwin Burns

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