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TEXAS EDUCATION AGENCY
Division of Governance & Investigations
Attn: Special Investigations Unit
1701 North Congress Avenue
Austin, TX 78701-1494

via CMRRR No. 9414 7266 9904 2124 4548 32
and e-mail at siu.tea.texas.gov

Re: TEA Reference #ER2019-07-002 / SAO #19-2423
Stafford Municipal School District

Dear Complaints Management Team:

This law firm represents Stafford Municipal School District (Stafford MSD or the District) in the above-referenced matter (Complaint). On behalf of Stafford MSD, I am providing this response as requested in your August 8, 2019 correspondence.

The Complaint

The State Auditor's Office received a complaint concerning Stafford MSD on the July 17, 2019. The Complaint alleges that Stafford MSD Superintendent Dr. Robert Bostic and Trustee Greg Holsapple colluded to pay a third party staffing agency to employ Dr. Bostic's wife and Mr. Holsapple's daughter in an attempt to circumvent the Texas's anti-nepotism laws. The Complaint also alleges that Dr. Bostic misappropriated public funds by entering into the agreement with the third party staffing agency. Finally, the Complaint alleges that the Complainant, Mr. George Flores, the then Chief Financial Officer for the District, experienced a hostile work environment after he reported his concerns to Dr. Bostic on July 12, 2019. The Complaint specifically alleges what Flores characterizes as "groundless criticism" during a July 16, 2019 Board meeting.

The State Auditor's Office forwarded the Complaint to the Texas Education Agency (TEA) on July 17, 2019, requesting an investigation and response from TEA within 90 days. On August 8, 2019, TEA forwarded the complaint to the District and requested a response regarding nepotism no later than September 9, 2019.

Background

Dr. Robert Bostic has been the Superintendent of Stafford MSD since 2014. Prior to serving as the Superintendent of Stafford MSD, Dr. Bostic was an Assistant Superintendent and Deputy Superintendent at Denton ISD in Denton, Texas. Trustee Greg Holsapple has served on the Stafford MSD Board of Trustees for over 22 years in total. Mr. George Flores was hired at the beginning of the 2014/2015 school year as the Executive Director of Business and Finance. In 2015, Mr. Flores was promoted to Chief Financial Officer where he remained until his resignation from the District submitted July 24, 2019, to be effective July 31, 2019, to allow Mr. Flores to accept a position outside of the District.

Stafford MSD originally contracted with a third party staffing agency, Sterling Staffing Solutions (Sterling), in early 2017. Sterling was to "recruit, screen, interview and assign" Sterling employees to vacant

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positions. Pursuant to the District's agreement with Sterling, if the District desired to hire a Sterling employee full-time at the end of his or her temporary placement, the District had an opportunity to "buy" the employee's contract from Sterling and add the employee to the District's payroll. Examples of positions filled by Sterling employees include: business office clerk, accounts payable clerk, reading tutor, professional development instructor, nursing instructor and program specialist. The initial Sterling employees placed with Stafford MSD did not include Dr. Bostic's wife, Ellen Bostic, a certified teacher and principal, nor Trustee Holsapple's daughter.

On July 17, 2019, Mr. Flores sent a similar complaint as he sent to the State Auditor's Office to the Chief of the Stafford Police Department with Dr. Bostic and the District's procurement counsel copied. Upon receipt of this e-mail correspondence, Dr. Bostic immediately sought guidance from the District's procurement counsel, Ms. Sarah Langlois. Ms. Langlois investigated the issue and advised the District on the legality of the arrangement with Sterling on July 19, 2019. On July 22, 2019, the Board authorized this law firm to conduct an independent investigation into the allegations in the e-mail.

Independent Investigation

As part of the independent investigation, we have spoken to the Superintendent, Trustee Holsapple, Mr. Flores, and other District-level administrators regarding Mr. Flores's allegations. We have also reviewed documents in the District's possession, including contracts with/invoices from Sterling and relevant e-mails held on the District's server.

Based on our investigation, we have determined the following

- Sterling submitted a vendor application to the District on December 11, 2016¹;
- In February or March of 2017, the District entered into a staffing agreement with Sterling to provide a variety of staffing support for the District²;
- Sterling began providing staffing support for the District³;
- At the beginning of 2018, Sterling hired Mrs. Bostic and assigned her to perform part-time reading tutoring services for the District⁴;
- In June of 2018, Dr. Bostic asked Sterling to consider Trustee Holsapple's daughter for the position of CTE Specialist and Office Assistant, and Sterling did ultimately hire Trustee Holsapple's daughter and assign her to this position⁵;
- Both were at all times considered to be employees of Sterling and paid by them on an hourly basis⁶;
- On July 12, 2019, Mr. Flores inquired with Sterling about the decision/agreement to transition these two Sterling employees to salary pay, and Sterling's CEO responded that this practice is called "payrolling" in the staffing industry and the decision to "payroll" these two employees was

¹ See Exhibit 1

² See Exhibit 2

³ See Exhibit 3

⁴ See Exhibit 4

⁵ See Exhibit 5

⁶ See Exhibit 6