

**FLORIDA DEPARTMENT OF LAW ENFORCEMENT
INVESTIGATIVE REPORT**

This report is predicated upon a request for assistance by the Broward County School Board Police to the Florida Department of Law Enforcement regarding allegations of corruption. This information is being documented for the Statewide Grand Jury, as a result of the Honorable Governor Charlie Crist requesting and receiving approval for a Statewide Grand Jury to be impaneled to identify and investigate public corruption and other criminal allegations within the State of Florida.

In conjunction with the Governor's request, an investigative partnership between the Office of Statewide Prosecution (OSWP) and FDLE has been established to specifically investigate and prosecute potential public corruption cases as well as other articulated offenses.

On January 14, 2011, Michael H. Baldwin was interviewed at the Office of the Statewide Prosecution (OSWP) in Broward County, Florida. Present during the interview were SA Rawson, SA Futch, Chief SWP Julie Hogan and Mr. Baldwin. Baldwin was represented by attorney Kyle Tate. Baldwin was placed under oath and sworn in for the interview at approximately 9:40 a.m. During the course of the interview, Baldwin stated that following;

Baldwin was asked who had knowledge that he was at the Office of Statewide Prosecution on this date. Baldwin stated he advised Citigroup's attorney, Josh Levine, Richard W. Patterson, Norman Pelligrini, his wife and Jennifer Gottlieb. Baldwin was asked why he would have notified Gottlieb of the interview. Baldwin stated he and Gottlieb were together at the Hampton Inn in Tamarac on January 10, 2011 when Baldwin was notified of the interview via e-mail. Baldwin broke down in tears and stated that he and Gottlieb are 'in love' like two high school kids and they have been romantically involved for the past three years. Baldwin stated that he stopped communicating with Gottlieb once he received the subpoena from OSWP and Gottlieb was aware of the ongoing investigation into the SBBC. Baldwin stated he met Gottlieb in June of 2007. He took her to dinner in October of 2007 and the romantic relationship started in December of 2007.

Baldwin stated he was employed with the Union Bank of Switzerland (UBS), which acquired Paine Webber in 2000. Baldwin worked for Paine Webber until 2005 at which time he joined Citigroup and earned the title of Director. Baldwin stated he was a public finance banker who worked for various school districts. Baldwin handled bond financing and debt financing. He conducted the leg work and interfaced with district staff, such as the underwriters, financial advisors, bond council, the Chief Financial Officer (CFO) and trustee council.

Case Number:MI-14-0102	Serial #:71
Author:Rawson, Kelly	Office:Miami
Activity Start Date:01/14/2011	Activity End Date:

Approved By:Spates, Maurice

Description:Interview of Michael Baldwin

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Baldwin stated that the SBBC spearheaded the K-12 efforts in Florida. Baldwin stated that in 2002 the underwriters 'team' was established. The team consisted of Smith Barney, Bank of America (BOA) and Bear Stearns, which was later bought out by JP Morgan Chase. Baldwin stated Citigroup issued a Request for Proposal (RFP) to the SBBC in January 2007. Baldwin stated the bond council is hired by the school district to prepare the documents. The underwriters work for the banks and the lead firm that gets the transaction earns 40%, while the additional firms on the team earn approximately 20% each.

In 2007 Citigroup entered into a five year contract with the SBBC. The financial committee held a meeting in April 2007 and names were placed into a hat. Beverly Gallagher pulled the names out of the hat and the first name pulled to handle new transactions was Bear Stearns, followed by BOA, Citigroup and UBS. The reverse order of those firms were given refunding transactions.

Baldwin discussed the Qualified School Construction Bonds (QSCB) which were created under the Obama stimulus package. These bonds are interest free financing bonds used by the school districts. These bonds are based on student populations. Baldwin stated that \$51 million dollars in bonds were allocated for Broward County. The SBBC board approved QSCB financing for two projects in a June 8, 2010 meeting. The projects were at Ft. Lauderdale High School and Cooper City High School. Citigroup was awarded this project. During this time, Gottlieb was the Chair, but was not present at this particular meeting. Baldwin stated he was present at that board meeting.

Baldwin stated that he was assigned to handle the Workforce Housing initiative when Patterson was shifted over to handle derivatives transactions. Baldwin stated there was no 'falling out' between Patterson and Gallagher and Patterson's move had nothing to do with the SBBC. Baldwin stated his relationship with Gallagher was strictly professional, but that she treated him differently and she seemed 'two faced'. Baldwin stated that on occasion he had corresponded with Gallagher on her personal e-mail address on America Online (AOL).

Baldwin stated that he corresponded with Gottlieb from his Citigroup e-mail, as well as his personal e-mail address; mbaldwin34@cfl.rr.com. Gottlieb repeatedly forwarded business e-mails to her personal AOL account prior to forwarding to Baldwin. He contacted Gottlieb on her SBBC cellular phone, as well as her personal cellular phones. Baldwin stated he met Gottlieb in June 2007 at The Palm Restaurant in Tampa when she attended a Florida School Board Association (FSBA) Conference. Baldwin stated their relationship started on October 25, 2007 when they had dinner in Orlando and drinks at The Hardrock Cafe. Baldwin attended a dinner at The Moonfish Restaurant with Gottlieb, Patterson and 'Sandy', who is a friend of Gottlieb's. Baldwin stated there was no discussion of business at that dinner and recalls splitting the bill with Patterson, using their Citigroup credit card. Baldwin reiterated that he and Gottlieb were 'in love' like high school kids.

Baldwin stated that he did not correspond with other SBBC board members via personal e-mails, except for Gottlieb and Gallagher. Baldwin stated he and Gottlieb had a conversation about personal e-mails going through the SBBC server and the fact that those e-mails were public record. Gottlieb told Baldwin that if she sent e-mails from her personal e-mail they would not be considered public record and no one could find it. Baldwin and Gottlieb had a discussion the first night of their relationship which entailed the issue of Baldwin being a vendor to the SBBC. Baldwin stated he and Gottlieb were aware of the problems stemming from a public official having a personal relationship with a vendor and the perception that gives the public.

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Baldwin stated he and Gottlieb first engaged in sexual relations in December 2007 while attending a FSBA Conference in Tampa. Baldwin stated other SBBC board members attended the conference; Gallagher, Robin Bartleman, Phyllis Hope and Maureen Dinnen. Baldwin was asked why he would send the FSBA invitation to Gallagher's personal e-mail, along with an e-mail encouraging her to attend the dinner (see e-mail dated 12/2/2007). Baldwin wasn't able to answer the question, but denied any romantic involvement with Gallagher. Baldwin felt that Gallagher was jealous of Gottlieb and the attention she got from vendors. Baldwin stated that he was aware of the e-mails between Gottlieb and Patterson and that they had been forwarded to Gottlieb's husband and Gallagher. Baldwin stated it was Gottlieb's assumption that the Information Technology (IT) videographer for the SBBC, Dino DeCesare, was responsible for forwarding the e-mails.

Baldwin stated he and Gottlieb met about once a month and they would engage in sexual relations in hotels such as The Hampton and The Hilton Garden in Ft. Lauderdale. Baldwin was questioned about an e-mail dated 9/25/2008 in which he writes to Gottlieb,

"I'm taking some folks to The Island Way Grill. This is our place. I want to go back in time".

Baldwin stated he and Gottlieb went there for dinner and Baldwin paid with his Citigroup credit card, even though no business was discussed. Baldwin stated that in March 2009 he and Gottlieb were both in Tallahassee for business reasons. Baldwin and Gottlieb then traveled to Jacksonville together for personal reasons and spent the night together at a hotel in Jacksonville. Baldwin was questioned as to how Gottlieb paid for her hotel and whether or not she had a SBBC credit card. Baldwin did not recall the method of payment.

Baldwin was asked if he and Gottlieb ever discussed leaving their spouses for one another. Baldwin evaded the question, but was interrupted and the question was asked a second time. Baldwin stated he and Gottlieb did discuss leaving their spouses for one another, but Baldwin wasn't willing to leave his children. SA Rawson asked Baldwin if he was aware that Gottlieb had the very same discussion with Patterson. Baldwin broke down again and stated it was his understanding that Gottlieb and Patterson were just friends. Baldwin denied any other extra-marital affairs outside of Gottlieb. SA Rawson asked Baldwin if he had any knowledge of a romantic relationship that Gottlieb may have had with Joel Herbst. Baldwin stated they were just 'really good friends'. Baldwin was asked if he had knowledge of how frequently Herbst and Gottlieb spoke and he responded with 'every day'. Baldwin is not aware of a romantic involvement that Gottlieb had with Herbst, Henry Verdugo, Richard W. Patterson, Dino DeCesare or Beachside Montesorri Principle, Joseph Balchunas.

Baldwin and Gottlieb talked three or four times a day and they purchased pre-paid phones to communicate with one another via phone calls and text messages. Baldwin stated they changed their phones approximately once every two months. Baldwin purchased the phones at either Best Buy or Circuit City. Baldwin stated the pre-paid phones were his idea and they did not discuss business on those phones. Baldwin concealed his phone in his car, despite the fact that his wife caught him sending a text message early Christmas morning two years ago. Baldwin stated he has been married for seventeen years.

(Lunch break from 1:30 p.m. - 2:15 p.m.)

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Baldwin was questioned about any gifts that he may have purchased for Gottlieb over the three year span. Baldwin stated he and Gottlieb had open discussions about public officials receiving gifts from vendors and she made it clear that she could not accept any gifts from Baldwin.

(Please note that SA Rawson has included verbatim what was written in the e-mails and some of the verbiage included in this report is intentionally misspelled) Baldwin was questioned about an e-mail dated 12/10/2007 in which he writes to Gottlieb,

"I was planning on sending you a copy of the employee assistance presentation book. I will mark the page(s) you need to focus on".

Baldwin stated the page he marked included a 'love note' that he placed inside the book. Baldwin sent the book to Gottlieb's office and later received a phone call from Gottlieb stating that her secretary, Gail Fallon, found the note when she opened the package. Baldwin was also questioned about a pattern of consistently misspelled words and words with spaces in between the letters that were found throughout the e-mails between he and Gottlieb. (i.e. tou, mu ch, mu ght, tau ke) Baldwin stated it was 'code' between he and Gottlieb. He stated that 'tou' was code for 'thinking of you' and "mu ch", "myou" or "mu ght" was code for 'miss you'. "Tau ke" was code for 'thinking about you'. Baldwin stated they were 'in love' like high school kids and that Gottlieb was married to someone she didn't love. Gottlieb told Baldwin that her name had been taken out of the family's Will and that she won't have a penny to her name if she gets divorced. Baldwin stated that he only met Gottlieb during business hours, because her husband had suspicions of infidelity and didn't allow her to go out at night. Baldwin was questioned as to whether or not he has ever given Gottlieb monies, whether a campaign contribution or for any other reason. Baldwin stated he offered to give Gottlieb money after hearing she was taken out of the Will, but she declined the offer.

Baldwin stated that he sent Gottlieb a floral arrangement that was delivered to her office. Baldwin stated the card was signed "Juan and Michelle". Baldwin explained that "Juan and Michelle" was code, so Gottlieb would know the flowers were from him. Baldwin stated he signed the card "Juan", because he and Gottlieb had a running joke that if he ever changed his name he would want to be called Juan Carlos. Baldwin included the name "Michelle" to give the appearance that the flowers were from a couple and stated "Michelle" was a spin off of Michael. Baldwin stated he purchased a book for Gottlieb titled "Power of Persuasion".

Baldwin was questioned about an e-mail dated 12/8/2009 where he forwards to Gottlieb a Christmas letter that he received from SBBC board member Ann Murray. Murray states,

"Wishing you and yours a wonderful holiday season and a healthy, prosperous New Year. Please send no gifts to me."

Baldwin stated he bought Murray a book titled "Body Language". Baldwin was questioned as to whether or not it was common business practice to buy gifts for SBBC board members. Baldwin said no.

Baldwin was questioned about his knowledge of Beachside Montessori Village (BMV), otherwise known as Elementary School "C". Baldwin stated that he knew BMV was Gottlieb's project and that she believed in the Montessori concept. Baldwin was asked if Gottlieb discussed the fact that the schools in the vicinity of BMV were already under enrolled and there was no valid reason to follow through with the construction of BMV. Baldwin was questioned if he had any knowledge of Gottlieb attending a non-public meeting in a private residence to

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discuss BMV. Baldwin broke down in tears and stated that he doesn't have any details as it relates to BMV and now feels as if he doesn't know Gottlieb like he thought he did.

SA Rawson read an e-mail dated 4/13/2009 in which Gottlieb writes to Baldwin,

"Hi Mike! I hope you had a nice holiday. I was wondering if your issue was going to be on the agenda. Could you call me to discuss?" Baldwin replied with, "Yes it is. I will call you in about 10 minutes."

There was a school board meeting scheduled for 4/21/2009. SA Rawson read another e-mail dated 4/20/2009 in which Gottlieb writes to Baldwin,

"Hi Mike, looking forward to seeing you at the board meeting tomorrow. Your item is A11 and most likely will be a consent item. Usually we take the double letter items first, then go to single letters. So, if all goes well you shouldn't be sitting there too long. Except for the fact we have several public speakers signed up and that comes first at 11:30. Will keep you updated thru the meeting if you like. Thanks again for all of your help and information. It truly has been wonderful working with you. Sincerely, Jen."

SA Rawson read an e-mail dated 4/21/2009 at 10:24 a.m. in which Baldwin writes to Gottlieb,

"Jen, Question: are they going to go thru all of the reports (12 of them) before the Consent Agena?"

Gottlieb replies and send another e-mail on this date at 11:28 a.m. in which she writes,

"We will break at noon for attorney client closed door and lunch. Change ur flight."

Gottlieb sends another e-mail on this date at 12:14 p.m. in which she writes,

"We recessed until 1:30"

Baldwin replies on this date at 1:48 p.m. in which he writes,

"U r kidding me! Is it pulled?"

Gottlieb responds on this date at 1:51 p.m. in which she writes,

"No. Passed on consent."

Baldwin was asked if he received text messages or e-mails from other SBBC board members during school board meetings. Baldwin stated he only corresponded with Gottlieb while she sat on the dais.

SA Rawson asked Baldwin about an e-mail dated 5/2/2009 (Saturday) in which Gottlieb writes to Baldwin,

"The resolutions are items A3 on Tues agenda for QSCB's and BABs. And A4 for refunding all outstanding cops."

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Baldwin responded on this date with,

"Good morning, Jen, Thank you for sending this to me. I haven't looked at it yet, but I'm a little concerned about the refunding portion of this reso and the potential for BOA being appointed to refunding all of the District's COPs, since this is out of rotation for the senior manager spot. I will look into it."

Baldwin was asked if Gottlieb was forwarding the same information to the other underwriters involved in the rotation. Baldwin was not aware of any other firms receiving the same information. Baldwin stated that Gottlieb didn't understand or comprehend the financial aspects and he was just explaining it to her. It should be noted that all of the above e-mails were sent from Gottlieb's personal e-mail address. It should also be noted that these e-mails were sent just days prior to a SBBC board meeting.

Baldwin was questioned about an e-mail dated 11/10/2008 in which he writes to Gottlieb,

"Do you view the Florida Virtual School as a competitor or an ally? The Florida Virtual Schools is asking to be a sponsor in our upcoming FSBA dinner in Tampa."

Gottlieb replies on the same date,

"I don't view them as competition but they did push out our broward virtual that was a much better provider. But if they want to sponsor take it!"

Baldwin was questioned as to whether or not Florida Virtual Schools was granted a sponsorship for the FSBA conference. Baldwin stated Florida Virtual Schools was not a sponsor at any of the FSBA conferences.

Baldwin was questioned about an e-mail dated 11/10/2008 in writes Gottlieb writes to Baldwin,

"...make sure they (FSBA) serve the tuna again!"

Baldwin responds with,

"Hey, it's a good thing you mentioned the tuna. I was thinking about going with the sea bass. I will make that change on your behalf."

Baldwin was questioned if he has ever changed the menu for other SBBC board members. Baldwin stated he only did that for Gottlieb, but that she didn't receive preferential treatment.

SA Rawson showed Baldwin an e-mail dated 6/11/2009 in which Gottlieb writes to him,

"I'm sorry I just acted that way while I was on the phone. I'm totally sorry and just pissed that I have to be away from you. I love you."

Baldwin was questioned as to whether or not Gottlieb used her position on the SBBC board to vote in favor of projects that would be handled by Citigroup. Baldwin maintains that any information provided to him by Gottlieb was public record and he recalls Gottlieb not being at

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one of the board meetings in which Citigroup was awarded a project. Baldwin stated that following the publicity of the Bob Norman blog, Gottlieb wasn't comfortable signing the documents affiliated with Citigroup and she asked Ben Williams to sign the documentation. Baldwin stated he and Gottlieb were romantically involved at that time and Citigroup still reaped the benefits of being part of the underwriter rotation, regardless of whether they were the lead underwriter or not.

The interview concluded at approximately 4:55 p.m.

A copy of the e-mails will be maintained in the related item file for this case.