



## A message from Superintendent Guerrero

August 19, 2019

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Dear PPS Staff and School Communities,

We want to let you know that Portland Public Schools has been working since Friday with law enforcement and financial institutions in response to a banking crime involving the district. Fortunately, we have confirmed that the banking institutions involved have frozen the approximately \$2.9 million in district funds that were transferred to a fraudulent account disguised as the account of a legitimate PPS construction contractor. PPS has already begun the process to recover and fully return the funds back to the district, likely within the next several days.

Once we were made aware of this fraudulent transaction on Friday, we immediately notified law enforcement, including the FBI and Portland Police Bureau, as well as the Board of Education. We also began an internal investigation to determine the origin of this transaction and how and why the transaction was processed by PPS.

Following standard procedure, two district employees involved with processing the transaction were placed on paid administrative leave, pending a full investigation. Initial information indicates that the fraud was perpetrated externally and no district employee engaged in criminal activity; however, the district is implementing best practices to investigate this case thoroughly.

All district payment procedures and internal controls are being reviewed, additional protocols and actions have already been identified, and all district finance staff will receive mandatory, updated training this week to reinforce protocols and to ensure updated procedures are in place to prevent incidents like

this from occurring. We have conducted an initial review of previous transactions, as well as a review of vendor account management and fund transfer protocols. In addition, we have updated our fraud awareness training materials.

All of this is being followed by a full, independent, external investigation involving outside experts from the fields of online security, financial processes and controls, and workplace fraud. Additionally, the district's external auditor will independently review our financial controls and vendor management protocols.

We are treating this incident with the utmost seriousness. We will continue to cooperate fully with law enforcement to protect school district funds and to apprehend the perpetrators. We thank Portland Police, the FBI, and our partners at Wells Fargo for their quick response and assistance they have extended to PPS over the last four days. Unfortunately, school districts and educational entities around the country have increasingly become targets of financial fraud and cyber security threats. We will use this instance to further strengthen our financial controls and plan to share our experience with other school districts.

Sincerely,



Guadalupe Guerrero  
Superintendent

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