

**Board Management Relations**

**When Things Go Wrong!**

**One Port's Story**

# Thielen rips port on way out

## Commissioner calls it quits, citing accountability issues

BY HECTOR SAN MIGUEL  
AND JEREMY HARPER  
AMERICAN PRESS

Port Commissioner Chad Thielen resigned Monday from the Lake Charles Dock Board, walking off in protest of spending and accountability issues.

ty issues.

He has called for an audit of port finances regarding Dock Board members' travel and entertainment expenses, which he said were "potentially scandalous."

Thielen's resignation is effective immediately. He has

been on the board since 2008.

He sent out two highly critical letters Monday to Gov. Mike Foster and members of the Southwest Louisiana legislative delegation.

State Rep. Vic Stelly of Moss Bluff, a senior member of the legislative delegation,

said Monday he had received Thielen's letter.

"I know this is not the first thing that has come up. He has had some problems with the board before, but I don't know who's right or who's wrong. I hate to say it," he said.



THIELEN

Text of Thielen's letters to the Southwest Louisiana delegation and Gov. Mike Foster

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"We listened. Some complaints were made by him about some different things.

We assigned (Sen.) Willie (Mount of Lake Charles) as our representative to listen and see what she thought."

Efforts to reach Mount on Monday were unsuccessful.

At Monday's Dock Board meeting, President Hillary Langley, other port commissioners and Port Director Terry Jordan were surprised when told about Thielen's res-

See RESIGNATION, Page A5

# Another port defection

## Donaldson cites fiscal mismanagement by 'controlling segment' of Dock Board

BY HECTOR SAN MEXUAL  
Staff Writer

Port Commissioner Charles Donaldson Jr. resigned Wednesday from the Lake Charles Dock Board, in part because the port has lost nearly \$20 million in its daily operations during a 20-year period.

Donaldson is the second

Letter of resignation and  
resignation and departure letters  
PAGE A5

commissioner to resign in the past 10 days in protest of the port's financial problems.

Donaldson said resigning means he flew Mike Foster, Mayor Randy Bush, local legislators, City Council members and the Dock Board

The American River  
obtained copies Wednesday of both letters.

Donaldson was appointed in November 1986 as a representative of the city. He replaced then Commissioner Russell Tredko Sr. who was not reappointed.

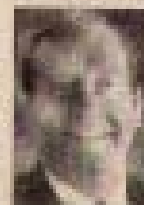
"In an amicable way, I have tried my best to work through

these concerns with my fellow board members but find that my efforts have become futile," Donaldson wrote Foster.

"I urge you and the legislative delegation of Southeast Louisiana to work together to reevaluate this board to implement better accountability in the future."

See PAGE 1, Page A6

**'As you**



can see... expenses and operating losses are increasing dramatically, revenues are not increasing quickly and the cash reserves are rapidly depleting."

Charles Donaldson Jr.  
in letter of resignation from Lake Charles Dock Board

# Port plan presents problems

Unused document lays out bleak future, solution strategies

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

A \$200,000 master plan for the Port of Lake Charles shelved by the Dock Board last year states the port faces a bleak financial picture unless changes are made.

The plan put together by the University of New Orleans contains a comprehensive review of the port and its operations from 1997 through 2000.

It has never been released for public review.

A copy of the plan obtained by the *American Press* lists the following observations and recommendations:

"The port's financial situation has been impacted by a significant investment program."

"The possibility of reduced coke shipments through Bulk Terminal No. 1 may significantly erode the port's revenue base."

"Some port operations currently incur operating losses."

"It is recommended that the port increase utilization of its assets, specifically those at the City Docks and Industrial Canal facilities, as well as the East Industrial Parks."

"Another recommendation consists of the port assessing possibilities for increasing revenues."

"Possibilities may include implementing measures to attract more cargo and tenants, and a review of the port's tariffs and charges."

The master plan was put together last year by UNO's Ports and Waterways Institute and the Merritt C. Becker Jr. Intermodal Transportation Policy and Implementation

## Survey: Port leads Gulf in losses

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles had the highest operating losses among 20 Gulf of Mexico ports three years in a row.

That's according to copies of the Public Port Finance Survey for fiscal years 1998, 1999 and 2000 issued by the Maritime Administration of the U.S. Department of Transportation.

The annual survey has been compiled each year for more than 20 years. It's the only financial report done covering all 67 U.S. and Canadian ports.

The report contains "financial data on maritime activities at ports, including the income statement, balance sheet, outstanding bonds, debt service, sales offices and cargo tonnage."

The Maritime Administration does the report using financial information provided by the American Association of Port Authorities.

Portions of the 1999 survey were used in a 2002 master plan for the Port of Lake Charles prepared by the University of New Orleans.

The port listed a \$3.1

See **LOSSES**, Page A8

# Audit: Port ignored plan

**BY HECTOR SAN MIGUEL**  
AMERICAN PRESS

The Port of Lake Charles has not adopted a "comprehensive strategic plan" and its operations suffer because of it, according to auditors.

The port auditors, McElroy, Quirk & Burch, and the State Legislative Auditor's Office, noted that in May 2002, the port received a study that provided current and long-term planning for the port.

Auditors noted that the

study, which cost nearly \$250,000, is still incomplete and that they found no evidence that management provided the necessary input to complete the plan.

Auditors wrote that port management "has failed to exercise its fiduciary responsibilities relating to developing, adopting, implementing, and monitoring a comprehensive strategic plan" for the port.

They added that port management has "made business

## THE PORT AUDIT

*a special*



*report*

**EDITOR'S NOTE:** Because of the length and depth of the 207-page Port of Lake Charles' audit, the *American Press* plans to run stories every day this week through Sunday about the audit's findings and responses from the port.

# Attorney: Port broke law

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles broke federal law in its handling of \$2 million in overtime billings to industry, its own attorney believes.

In a Feb. 19 legal opinion, port attorney Mike Dees states

that the Lake Charles Dock Board and port management violated Securities and Exchange Commission laws and regulations when it reported nonexistent revenue from Conoco and Citgo.

The opinion fuels growing controversy at the port. Two dock board members have

quit in the past two weeks in protest of what they call fiscal mismanagement and politics at the port.

Dock board members and port staff met Friday with state legislators for more than two hours to talk about Dees' opinion.

The meeting at the port

was a closed-door session that was described as "confidential" by one of the participants, though everyone who attended was a public official.

Though port officials invited only legislators, Calcasieu Parish Administrator Mark

See **PORT**, Page A5

**'Revenue and** expense reports were misleading. The act of conveying this misleading financial information violates Federal Securities & Exchange Commission laws and regulations.'

**Mike Dees**

Port of Lake Charles attorney

# Port's bank official: Calling in bonds 'last resort'

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

A top official with the New York bank that holds the Port of Lake Charles' \$25 million bond issue says it has "no economic incentive" to call in an outstanding bond issue.

"But typically pulling a letter of credit or collapsing a bond issue is an absolute last

resort. We have no economic incentive to do that," banker John W. Flaherty told the *American Press* Friday.

Flaherty is vice president of the Dexia Credit Local's public finance division in New York City.

He said Friday he couldn't comment specifically about the port's bond issue because he doesn't know a lot about what's

happening there.

"We just got this letter yesterday (Thursday). I don't know what this is about," he said.

Dexia Credit Local is a branch of the Credit Local de France Bank, with which the port has a line of credit.

The port and Calcasieu Parish have both used this bank to handle port bond

issues.

The letter Flaherty referred to was sent by the port on March 3 in regards to the use of \$2 million in billings as revenue figures in its December 2002 revenue and expense report.

Port attorney Mike Dees wrote in a Feb. 19 legal opinion that the use of these never-collected invoice revenues in the

report violated federal law.

The Dock Board fired Port Director Terry Jordan and Finance Director Dan Anderson last month.

There have been concerns by port officials that Credit Local de France Bank would call in the bond issue because of the use of non-existent revenues in the report.

This would mean the port

would have to use more than \$20 million of its reserves to pay off the bonds.

The Dock Board has already changed the 2002 budget report by taking out the questionable revenue figures.

The letter sent to Flaherty stated that the port's outside auditors and legal counsel are reviewing the matter.

See **PORT**, Page A3

# FBI shows interest in port

## Agency to examine issues raised by Dees' opinion

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The local FBI office has begun a preliminary investigation into the Port of Lake

Charles centering on issues found in a controversial legal opinion.

The Feb. 19 legal opinion was written by Port Attorney Mike Dees.

It states that the port broke federal laws by using non-existent revenue figures in its budget records that were sent to a New York bank which has the port's letter of credit.

Senior FBI Agent Rick McHenry of Lafayette told the *American Press* Tuesday he could not comment on whether his agency was conducting any kind of investigation.

However, sources close to

the port confirmed Tuesday that the FBI has already questioned a number of people about the opinion, and a subpoena for port records is expected to be served as early as next week.

Dees said Tuesday when asked about the FBI probe, "I can't comment on that."

Word about the investigation comes two days after the *American Press* reported on the

contents of the legal opinion in its Sunday edition.

Port sources said the FBI agents are looking at two main issues raised in the legal opinion. They are:

■ The port management's decision to list in its 2002 and 2003 budgets more than \$2 million in nonexistent income from Citgo and ConocoPhillips related to the overtime billings.

The port sent a 2003 expense and revenue report with the "improperly booked revenues" to the port's letter of credit bank, which secures \$30 million in publicly traded bonds of the port, according to Dees' opinion.

"Revenue and expense reports were misleading. The act of conveying this misleading financial information vio-

See FBI, Page A7



# 'Millions' in revenue lost

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

## PORT OF LAKE CHARLES

The Port of Lake Charles has lost millions of dollars in overtime billing it didn't collect from local industry because port management repeatedly failed to review and update contracts written in the 1980s, the port attorney has found.

The statements appear in a 10-page legal opinion issued this past week by port attorney Mike Dees. The *American Press* obtained a copy.

"This intentional and knowing failure to properly collect ... extra overtime add-on has cost the District (port) literally millions of dollars in

lost public revenues," Dees wrote.

Port Director Terry Jordan and other senior management knew about the problems related to the overtime rates, but did nothing, Dees wrote.

Dees' legal opinion prompted a two-hour, closed-door meeting Friday of state legis-

lators, dock board members and port staff.

Dees wrote that he believes the port broke federal law by listing in its 2002 and 2003 budgets more than \$2 million in nonexistent income from Citgo and ConocoPhillips related to the overtime billings.

The dock board will meet at 11 a.m. Monday to correct the budget information.

The legal opinion is the latest bombshell to hit the port this month. Two dock board commissioners have already resigned in protest and publicly denounced what they call fiscal mismanagement and politics at the port. Chad Thielen quit Feb. 10; Charles Donaldson Jr., Feb. 19.

This latest issue over the billings centers on the port's biggest moneymaker, Bulk

Terminal 1, on the Calcasieu River.

The terminal's southern half is owned and operated by the port. It loads and unloads bulk materials such as petroleum coke for private companies.

On the north side is a terminal owned and operated by Citgo and what is now

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# Audit: Lack of controls leads to excessive overtime payments

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

## THE PORT AUDIT

*a special*



*report*

The Port of Lake Charles has paid for hundreds of overtime hours that were claimed by port employees "when it may not be necessary or appropriate" because of a lack of controls.

That's according to an audit conducted by the port's auditors, McElroy, Quirk & Burch, and the State Legislative Auditor's Office.

"Management failed to establish appropriate controls for overtime hours worked by employees, thus allowing overtime to be claimed when it may not be necessary or appropriate," auditors wrote.

Auditors found that the port paid out for 2002 a total hourly payroll of \$3.5 million, of which \$904,537 was overtime pay. This was about 26 percent of the port's total hourly payroll.

An analysis of selected departments at the port and

their regular and overtime hours/wages from last year shows that port paid out \$1.3 million in total pay at Bulk Terminal 1 for 37 employees.

This consisted of \$787,964 in regular pay and \$530,977 in overtime pay. Employees at BT-1 claimed 32,417 hours of overtime.

A look at certain employees, who were not named, showed that one employee who works in port administration was paid regular pay of \$43,888 last year and received another \$35,114 in overtime pay, putting their total annual salary at \$79,012. The employee worked 2,000 regular hours and was

paid for 1,123 hours of overtime for 2002.

Auditors wrote that their review of the departments and port employees revealed:

"The District's (port) pay policy does not provide adequate guidelines for working overtime and earning compensatory time."

"Prior approval for working overtime is not documented."

"The documentation for working overtime is not adequately documented to justify both the need and/or cost effectiveness for the overtime."

"The vast majority of the District's overtime hours claimed occurred in the Bulk Terminal No. 1 department. Employees of this department work five-day, 12-hour shifts. They average 1,000 overtime hours per year."

"Some salaried employees and general counsel claimed compensatory time for taking individuals to dinner after

hours, attending after-hour District (port) events, and for traveling. While there is no specific prohibition for claiming such hours, the District should consider whether claims for such compensatory time should be specifically addressed in their work policy."

Examples of problems with port overtime found by the auditors were:

An employee in the port administrative department worked 20 hours overtime on June 8, 2002 (Saturday). The time sheet memo stated, "Rice Millers Convention, Colorado." The employee left on this trip on June 9, 2002. The same employee worked 21 "compensatory hours" on June 15, 2002 (Saturday). The time sheet memo states, "Beaver Creek Convention." This was the travel day for the employee's return flight from Colorado to Lake Charles. "During the two days of Sept.

7, 2002, and Sept. 8, 2002, (Saturday and Sunday) this employee worked 20½ overtime hours for cleaning restrooms, flushing drain, washing van and buffing floors," auditors wrote.

A BT-1 employee in the two week pay period of March 6, 2002, through March 19, 2002, worked 80 regular hours and 88 overtime hours. The same employee worked in another two week pay period - July 24, 2002, through Aug. 6, 2002, a total of 80 regular hours and 79 overtime hours.

Another BT-1 employee worked 80 regular hours and 72 hours overtime in the two-week pay period of Aug. 21, 2002, through Sept. 3, 2002. During the two weeks, the employee worked seven days a week. This included working 16 hours on Sept. 1, 2002 and 20 hours on Sept. 2, 2002.

The Dock Board responded that it agreed with this finding

each department."

The board wrote that the "biggest overtime problem" the port has is at BT-1. This is the port's biggest money maker.

"This problem has been a concern of the board and the prior port director for some time. As shown in reports from the prior port director, he had made initiatives to get a better handle on the overtime problem at BT-1," the board wrote.

"These initiatives included the hiring of a new director at BT-1 with past experience with this type of facility as well as other things."

The board wrote that overtime hours at the City Docks "is almost a given because of the nature of operations."

"The bulk of the overtime hours are because of the necessity of cleaning the warehouses. The warehouses cannot be cleaned while cargo is being moved. The record cargo being generated by the port makes this a good problem to have,"

# Audit: Port purchase of loader defies 'sound business judgment'

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles has spent more than \$55 million on a semi-automatic bag handling plant that once completed will be "financially impractical" and possibly obsolete.

That's according to an audit conducted by the port auditors, McElroy, Quirk & Burch, and the State Legislative Auditor's Office.

The automated terminal, which includes spiralveyors to load ships, would allow the port to load 200 metric tons per hour, 20 hours per day, according to the Dock Board.

## THE PORT AUDIT

*a special*



*report*

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"This facility, which will be the most advanced facility of its kind in the U.S., will help ships and shiplines realize

greater savings by utilizing the Port of Lake Charles," Dock Board President Hillery Langley Jr. said in a recent port newsletter.

Auditors wrote that port management "failed to exercise sound business judgment and their fiduciary responsibility in properly evaluating and considering the financial feasibility of the semi-automatic bag handling facility project prior to starting the project and during the construction phase of the project."

They added that "if and when this project becomes operational" the port's contract with Lake Charles

See **AUDIT**, Page **A5**

# Audit: Public funds wasted

Firms were overpaid in some cases



Gov. Foster signs off on new board

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles "inadequately managed and monitored service contracts," resulting in payment of public money that shouldn't have been paid out, according to an audit by the port's auditors, McElroy, Quirk & Burch and the state legislative auditor's office.

Auditors wrote that public funds paid out for service contracts "may not be supported by approved contracts and/or may not be in accordance with contract provisions."

They added that port management failed to:

- "Determine the financial consequences of the contracts" to the port.

- "Determine whether the terms and conditions of the contracts were reasonable."

- "Have a legal review of all contracts prior to signing the contracts."

- "Adequately review the invoices before payment to ensure that contract provisions were followed."

"Sound business judgment dictates that before entering into a contract for services, a determination be made as to whether the services are necessary, what the financial

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BY HECTOR SAN MIGUEL  
AMERICAN PRESS

Gov. Mike Foster has signed commissions for seven nominees to the Lake Charles Dock Board effectively wiping out the remaining five-member board.

A meeting is being scheduled for Tuesday, June 3, for the new board members to take an oath of office and draw lots to determine who will serve two-, three- or four-year terms.

The board members' terms are being staggered to eliminate the need to select a completely new board at one time.

State Sen. Willie Mount of Lake Charles is working to set the meeting up for next week. She is the legislative delegation's liaison to the port since it's in her Senate district.

The new dock board is Mark Abraham, Kay Barnett, Fred Godwin, Leonard Knapp, Charles Liggio, Wade Shaddock and Marshall Simjen Jr.

Foster signed port legislation Thursday that provided for appointment of the new board.

The seven members now have to be confirmed by the

**YOUR CALL**

**494-4098**

**What's your reaction to the Port of Lake Charles audit?**

To take part in Your Call, call 494-4098. When the recording starts, press 3, then press 1. Leave a comment at the tone. Selected comments will appear Monday.

consequences will to the (port), whether the contract is legal and the terms and conditions are in the best interest" of the port, the auditors wrote.

See **AUDIT**, Page A5

See **BOARD**, Page A5

# Millions at stake if port cancels contract with LC Stevedores

*The "liquidated damages" clause is in part of the contract for the port's \$71 million automatic bag-loading facility.*

**BY JEREMY HARPER**  
AMERICAN PRESS

The Port of Lake Charles, which is trying to rework its cargo unloading and receiving contracts with Lake Charles Stevedores, must pay the company \$5 million-\$6 million if it cancels one of the agreements.

The "liquidated damages" clause is in the port's contract with Lake Charles Stevedores for the port's \$71 million automatic bag-loading facility. The contract was signed by the previous port administration.



**MCBRIDE**

The agreement calls for the port to pay damages if it cancels the contract "without cause." The amount of the damages is based on how much cargo has been moved by the automated system.

For example, under the original version of the contract, the port would have to pay \$5 million if it cancels the deal before 350,000 tons of bagged cargo was loaded through the automatic facility.

The fee decreases incrementally as more cargo is loaded. The lowest possible payment listed is \$450,000.

However, Port Director Adam McBride said the top-level payment was increased

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# Union official held unwritten position

*The audit of the Port of Lake Charles criticizes the appointment of Lash Chretien as the port's clerk in charge.*

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

Longshoremen Union President Lash Chretien Sr. has been paid thousands of dollars for more than five years by the Port of Lake Charles to

See **POSITION**, Page A4

**THE PORT  
AUDIT**  
*a special  
report*

Audit notes possibility of overpayments to Stevedores  
**PAGE A5**

Audit: Lack of controls leads to excessive overtime payments  
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BRAD PUCKETT / AMERICAN PRESS

Lake Charles Dock Board President Hillery Langley, left, speaks with Lash Chretien, president of the International Longshoremen Association Local 2047 before the April 22 meeting of the House Committee on Transportation, Highways and Public Works in Baton Rouge.

## POSITION: Audit suggests case be considered by state, federal prosecutors

(from **PAGE A1**)

perform unsupervised clerking services at the docks under a verbal agreement with the port.

The port auditors, McClroy, Quirk & Burch, and the State Legislative Auditor's Office found that Chretien, longtime president of International Longshoremen Association Local 2047 in Lake Charles, has been employed as the port's "clerk in charge" since 1987.

His clerk job entailed checking tons of cargo coming into the port daily and making sure it goes where it's suppose to be stored.

Auditors wrote that the port "is paying for services of a clerk in charge for which management has not provided evidence

since fired Chretien as the port's clerk-in-charge effective May 9.

The Dock Board wrote in response that they felt that "assumptions" made here by the auditors were "incorrect and unfounded."

The port auditors recommended that the port contact "if necessary" Calcasieu Parish District Attorney Rick Bryant and U.S. Attorney Donald Washington to "request a more extensive investigation to determine whether legal action is required."

This is the only time in the entire audit that the auditors suggest possible legal action be taken as a result of one of their findings.

The audit also found that the port and Lake Charles Stevedores

under the most recent tariff a charge of 75 cents per short ton of cargo loaded "for services of checking, receiving and stacking cargo in transit sheds."

Auditors wrote that they requested information on how much money was paid to Chretien for his clerking work for 2002.

The port could only provide four months payments totaling \$17,628, which were said to be "the only amounts identified for 2002," according to the audit.

"Lake Charles Stevedores (the port's supplier of longshoremen services) has indicated they would research this information and will attempt to provide it to us at a later date. We have received no additional

Chretien began working as the port's clerk-in-charge as of Aug. 31, 1987. He was paid \$2,435 that month by the port for clerk work, according to billings.

The Lake Charles Stevedores billings on file are confusing because it's not clear whether Chretien was working for the port or the stevedoring company.

However, it's apparent that under some listings for work as clerk-in-charge Chretien was paid thousands of dollars. There was a notation in the 1999 files that showed the port paid more than \$11,000 for clerk-in-charge services.

The months for 2002 provided to the auditors were April, May, October and November.

Copies of the billings show

the District to find adequate storage space for the cargo and to track the cargo. He could not state whether or not this position was still necessary for the District's operations."

■ **No written contract:** The District's director of operations informed us that the District contacted with LCS for an ILA member District clerk in charge (District clerk) that would coordinate and monitor the placement of cargo being unloaded into transit sheds and warehouses.

"We were informed that there was no written agreement between LCS and the District regarding these services. It is his understanding that the District clerk may be paid up to 50 hours per week at union

paid for hours as the LCS clerk in charge, he will also be paid for the same hours as the District's (port) clerk-in-charge."

The board wrote that the LCS vice president "indicates that LCS and the District (port) never paid the CIC at the same time for the same hours."

The Dock Board did agree with auditors "that the contract mentioned in the report appeared to be terminated by the port and LCS that the need still exists."

"This was originally done at the peak of cargo movement. It is our understanding that the CIC services for the port have been terminated," the board wrote.

# Officials run up big bills

## Entertainment, travel expenses exceed \$600,000 in 3 years

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles has spent more than \$600,000 in public money in the past three years on travel, entertainment and promotions.

That's according to travel records, credit card state-

ments and spreadsheets obtained by the *American Press* through public records requests.

In all, the port staff and Dock Board spent a total of \$616,568 during the period of Jan. 1, 2000, through Feb. 28, 2003.

Former Lake Charles

Dock Board member Chad Thielen resigned on Feb. 10 in protest over what he said was fiscal mismanagement at the port.

In his resignation letter, he wrote, "I believe that 'Enron' type accounting practices as well as potentially scandalous expenditures on commission-

er travel and entertainment will surface as a result of a diligent audit conducted by our auditors or the legislative auditor."

Gov. Mike Foster has sent the State Inspector General's Office to the port to conduct an investigation.

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INSIDE



*Port officials threw \$38,000 party at convention in Kansas City*

**PAGE A6**

*Dock Board members, other port officials spend \$51,779 at area eateries over 3 years*

**PAGE A7**

# \$4,000 in booze at Port

## New director: Liquor supply will be sold to highest bidder

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles is selling more than \$4,000 in hard liquor, wine and beer that was found in storage at the port.

The alcohol, recently found in a storage room next to the port's kitchen facilities, raised eyebrows at the port because of the large quantity.

It consists of 97 bottles of hard liquor, eight cases of wine, 39 bottles of miscellaneous wine and 17 cases of beer.

Port Director Adam McBride said Wednesday the port will advertise for public bids to sell the liquor to the highest bidder.

"We are going to advertise in the newspaper in accordance with our public bid laws," he said.

The alcohol stash is believed to have been used for port social functions. However, the only function that normally served alcoholic drinks was the annual Christmas port party.

The party is well attended each year by port customers, politicians, business people and the news media.

McBride decided to sell the stash because he believes the port doesn't need such a large amount of liquor stored at the port.

"For appropriate reasons, we will hold receptions for customers, business relationships and things of that sort, and we will deal with those things as they come along," he said.

"But the volume of sup-



BRAD PUCKETT / AMERICAN PRESS

This large stash of hard liquor, wine and beer paid for with public money was found in a storage room at the Port of Lake Charles. Its estimated worth is more than \$4,000.

*Port's legal fees  
total nearly \$93,000*

**PAGE A6**

plies of liquor that we have here far exceeds anything I think we will use in the foreseeable future."

It's not known how long the alcohol has been at the port, but rumors about its existence swirled for the past few months.

An inventory list shows that the liquor consists mainly of premium brands in the larger bottles of 1.75 liters or 750 milliliters.

They include:

■ 11 bottles of J&B Scotch Whiskey.

■ 11 bottles of Jack Daniels Old #7.

■ 11 bottles of Stolichnaya Russian Vodka.

See **ALCOHOL**, Page A6



# Auditors rip trip expenses

'Promotional activities' costs  
exceed limits set by La. law

BY HECTOR SAN MIGUEL  
AMERICAN PRESS

The Port of Lake Charles may have violated state law because its "total promotional expenses" exceeded 2 percent of its gross income from operations.

That's according to an audit by the state Legislative Auditor's Office and the port's own auditors, McElroy, Quirk & Burch.

The audit found that the Dock Board and port staff spent \$395,303 last year on "promotional activities," including travel.

The total is 2.32 percent of the port's gross income from operations after audit adjustments.

State law reads that "a port authority that has not experienced a deficit in the previous year may appropriate out of current income from its operation promotion and develop-

THE PORT  
AUDIT

*a special*



*report*

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ment expenditures of not more than two percent of its gross income from operations in each calendar year."

The audit says port officials "failed to exercise their fiduciary responsibility in a prudent and responsible manner for their travel, entertainment and promotional activities."

See **AUDIT**, Page A6

# Audit finds problems

## Port given two-week deadline to respond

BY HECTOR SAN MIGUEL  
APRIL 20, 1995

A preliminary audit by the State Legislative Auditor's Office has found problems with how the Port of Lake Charles runs its financial affairs and spends its money.

It reportedly found "the most general mismanagement and lack of internal controls" in the port's finances, according to port insiders.

Port Director Dennis Stine and Port Commissioners Larry DeRouen and James Watts got their first look at the findings and audit during a meeting Monday at the port offices.

Dock Board President

**'It's privileged**



**Dennis Stine**  
Port director

*information only to the extent that it's a working paper. It's not complete.*

Hilary Langley Jr. didn't attend.

Janifer Schwegel, general counsel for the Legislative Auditor's Office, and Grover



Lake Charles Dock Board members, from left, George Williams, Larry DeRouen, Hillary Langley Jr., Grover Zeigler, Rifeaux and James Watts, dismiss after a recent meeting.

C. Austin, first assistant legislative auditor, met with the committee for six and 50 minutes most of the afternoon.

Port insiders said Moccay had the presence of Schwegel and Austin at the meeting over the audit's findings sig-

nals that "it must be pretty bad."

Austin is also the

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## House to hear bill today

BY HECTOR SAN MIGUEL  
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The state House of Representatives will hear the Lake Charles Dock Board bill today that effectively dissolves the present board and replaces it with a new one.

The House is scheduled to convene at 10:30 a.m.

If approved, the bill goes to the Senate side for committee action, Senators say.

The Dock Board bill passed on last week of the House Committee on

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