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August 10, 2011

Paul Decelles
96 Gosse Court
Burlington, VT 05408

Dear Councilor Decelles:

I respond to your thoughtful letter of July 27, 2011.

I have in the past stated publically that my nearly twelve years as a partner in the McNeil law firm and doing legal work for the City of Burlington, and the years that my Deputy Janet Murnane did the same while in the McNeil firm before joining my office, create at least an appearance of bias and thus the Attorney General's Office (AGO) could not ethically participate in an investigation of the Burlington Telecom (BT) matter. We needed to look elsewhere for supervision of the requested BT investigation.

Ms. Murnane and I were both mindful of the fact that State's Attorney Donovan's uncle is a member of the McNeil firm. We deemed it a prudent course to refer the responsibility for the leadership of the investigation to a different State's Attorney. We contacted then-Orleans County State's Attorney Keith Flynn and he agreed to accept appointment as a Special Assistant Attorney General for the purpose of leading the investigation.

Attorney Flynn took the assignment seriously. Investigative personnel were made available to work under his direction. I met and communicated with him to monitor the progress of his investigation but did not ask for specifics on the individuals interviewed, the identities of those who had retained legal counsel, whether judicial investigative proceedings had been convened, etc. I was informed that he had been/was in communication with federal law enforcement personnel in connection with the BT matter.

In late 2010, Keith Flynn advised me that his investigation was nearly complete and that he would soon be in a position to announce his decision on the filing of any criminal charges. But then, before he could finally wrap up his assignment, Governor Shumlin asked him to assume the position of Commissioner of Public

Safety. Keith Flynn has recently confirmed that no member of the McNeil firm was a focus of his investigation when it was turned over to State's Attorney Donovan.

State's Attorney Donovan subsequently sought the assistance of two respected attorneys, former Chittenden County State's Attorney Robert Simpson and current Addison County State's Attorney David Fenster. Apart from a couple of very brief conversations with State's Attorney Donovan and some legal discussions at the staff level, my office played no part in the Chittenden SA's investigation. As you make clear, State's Attorney Donovan recently announced his decision not to file criminal charges.

Being mindful that the conflict situation for the AGO remains in effect, I will attempt to address some of the issues you raise. You first complain that State's Attorney Donovan did not release more details of his investigation, despite alleged earlier commitments to transparency. While I cannot comment specifically on his statements or his rationale, it is the general rule and consistent with current Vermont law that criminal investigative files are not subject to public disclosure. See 1 VSA s. 317(c) (5).

In my time as Attorney General, apart from police use of lethal force investigations, we have rarely disclosed portions of the investigative files when no criminal charges are filed. I recently made a limited exception for a handful of internal Entergy documents when I completed our criminal investigation of certain misstatements by Entergy personnel relating to the existence of underground pipes carrying radioactive materials. The contents of these documents were already in the public domain before I chose to release them.

As to the BT criminal investigation, the State's Attorney is on solid legal footing in not releasing non-public file documents, no matter the substance of his alleged prior public assurances.

As to whether "the evidence was insufficient to warrant that charges be filed", US Attorney Coffin made that representation as to any potential federal crime in a recent press release. It is unclear to me whether State's Attorney Donovan simply exercised his discretion not to prosecute a possible misdemeanor charge against one or more individuals or that he declined to file a charge or charges because he lacks the evidence to obtain a certain conviction. In any event, that is his decision to make, and given the conflict discussion above, it would not be appropriate for the AGO to revisit the charging decision.

I am confident that individuals, including city employees, deemed likely to be able to provide helpful evidence were interviewed. State's Attorney Donovan acknowledged that more than twenty people were interviewed during the state investigation. Any individual who had retained counsel, but agreed to be interviewed, might well be reluctant to acknowledge having been a target of the investigation.

As to Mr. Leopold's resignation, I am not aware of any connection between the same and State's Attorney Donovan's decisions. Nor am I aware of the substance, let alone the existence, of any conversations between the State's Attorney or anyone working on his behalf and Mr. Leopold or anyone working on his behalf. My suggestion as to this issue is that your question be posed to State's Attorney Donovan.

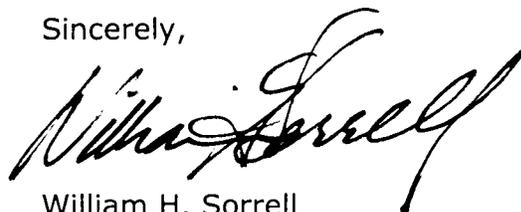
As to the issue of use of bond funds and arguably related concerns about allegedly unaccounted for funds and the possibility of large transfers of resources out of the state or country in the past five years, I again suggest that you pose your questions to the State's Attorney and/or the US Attorney.

As to your questions about the work of the city's attorneys, for the reasons articulated earlier in this letter, I have not and will not investigate or announce conclusions about any aspect of the legal work provided to the city in conjunction with the BT matter.

As to the "appropriate federal agency" involved in/having conducted the federal investigation of BT, this was the US Attorney's Office working in concert with the FBI.

I believe, to the extent possible and proper, I have addressed the issues you raise. In closing, and as a Burlington resident and taxpayer, let me add my voice of frustration to that of others in regards to the fact that, to my knowledge, City Hall officials have not forthrightly admitted that they made mistakes. They should not have used the \$17 million of city cash account funds as they did to prop up the faltering telecom operation. Most importantly, they should state clearly that the money is gone and unless Burlington Telecom becomes hugely profitable, will not be recouped. And finally, they should make clear that any such recoupment, if at all possible, will not occur any time soon.

Sincerely,



William H. Sorrell
Attorney General

cc: Burlington City Council
Mayor Bob Kiss
Governor Peter Shumlin
State's Attorney TJ Donovan
State's Attorney David Fenster
Commissioner Keith Flynn