INSPECTOR GENERAL REPORT

2011-06-0215

May 29, 2012

ISFC USE OF STATE PROPERTY 2

Inspector General Staff Attorney Jennifer Cooper, after an investigation by Special Agent Alan McElroy, reports as follows:

In June of 2011, the Office of the Inspector General (OIG) was asked by the Indiana State Fair Commission (ISFC) to investigate the alleged misconduct of an ISFC employee in the operation of a private business on state property.

The OIG is responsible for addressing fraud, waste, abuse, and wrongdoing by state agencies. IC 4-2-7-2(b). The OIG initiates, supervises and coordinates investigations and has the authority to receive, investigate and file complaints with the State Ethics Commission (SEC) regarding Code of Ethics violations. IC 4-2-7-3.

The ISFC operates a variety of hockey programs through the Ice Rink in the Pepsi Coliseum on the Indiana State Fairgrounds. The Skate Shop, a retail operation that sells and rents skates and hockey equipment, manages hockey leagues and public ice skating events, and collects fees for ice rink rental time. It is owned and operated by the ISFC and is located in the Pepsi Coliseum.

In May of 2011, Respondent disclosed to ISFC management that he was involved in the operation of a private business on Fairgrounds property. ISFC management then launched an internal investigation to gather details about the business venture and the extent of Respondent's involvement.

OIG Special Agent McElroy reviewed the documents and records collected through this investigation and conducted interviews with ISFC management and other members of the ISFC as well as Respondent. The combined investigation revealed that Respondent and another ISFC employee had formed a partnership in or around January of 2009 for the purpose of training athletes to play hockey and had been operating this business on state property since that time. Specifically, Respondent and his business partner were using state facilities, including the ice rink in the Pepsi Coliseum, a room containing weight-training equipment in the South Pavilion, and the State Fair Grandstands, on the State Fairgrounds property to train hockey players and various other athletes for profit. Respondent acted as the managing partner of the business and his partner trained the athletes using the Fairgrounds facilities.

Based on Skate Shop records, including the ice rental calendar, Respondent and the other ISFC employee took financial advantage of approximately Seven Thousand Five Hundred Dollars ($7500) worth of ice rental time. This figure does not account for any other financial advantage or gain through the rent-free use of the weight-training room discovered in the South Pavilion or the Grandstands, both used for athletic conditioning purposes by the business. A check deposited into the ISFC account by Respondent revealed that Respondent also used his position to purchase hockey equipment for the private business “at cost” through the ISFC.

When interviewed by Special Agent McElroy, Respondent confirmed the existence of the private business and that he and his business partner were operating this business together on State Fairgrounds property for personal gain. Respondent admitted to using his state computer for private business activities. Respondent also stated that he was aware that his business partner was engaged in private business activities while on the ISFC payroll and that he had approved these activities. Respondent advised that he believed he had paid the Fairgrounds for the ice rental time used by his private business venture and that the total income generated by the business was around Five Thousand Dollars ($5000), of which he and his partner had retained approximately One Thousand Two Hundred Dollars ($1200).

Respondent entered into an Agreed Settlement with the OIG in which he admitted to Code of Ethics violations in 42 IAC 1-5-12 (Use of State Property), 42 IAC 1-5-13 (Ghost Employment) and 42 IAC 1-5-5 (Outside Employment). Respondent agreed to sanctions of a fine in the amount of One Thousand Five Hundred Dollars ($1500) and a two-week or ten (10) working day suspension without pay. The SEC approved the Agreed Settlement on April 12, 2012. Accordingly, this investigation is closed.

Dated this 29th day of May, 2012.

APPROVED BY ME:

/s/ David O. Thomas, Inspector General