

OFFICE OF INSPECTOR GENERAL



REPORT OF INVESTIGATION

FILE ID NUMBER: 2004119

AGENCY: Ohio Athletic Commission

BASIS FOR INVESTIGATION: Inspector General Initiative

ALLEGATIONS: Mismanagement

DATE RECEIVED: March 24, 2004

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DATE OF REPORT: July 15, 2004

OFFICE OF THE INSPECTOR GENERAL



EXECUTIVE SUMMARY

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The Office of the Inspector General initiated this investigation following a media report that the Ohio Athletic Commission (OAC) staff permitted a professional fighter to compete in a tough person contest. We found that agents of the OAC permitted over forty boxers to compete in tough person contests with more amateur wins than their rules permitted. Other fighters were permitted to compete without reporting their boxing record or even signing their applications. We found that the Ohio Athletic Commission and their staff committed a wrongful act in failing to regulate tough person competition during the last two years.

We also reviewed management issues and found that the last three audits conducted by the Auditor of State had similar findings – with no improvement to operations initiated by the staff. The OAC staff’s cash handling process was found to be noncompliant with generally accepted accounting principles. In fact, the staff was depositing checks made payable to the treasurer of state into a local unauthorized bank account. We found that payroll records were not always approved by a commission member, and that the executive secretary had little-to-no training in state government operations. The OAC had no policies or procedures to govern their day-to-day operations, and the oversight of the OAC staff by the commission was ineffective. The one rule enforced by the commission had not been adopted by the Joint Committee on Agency Rule Review. We made recommendations to the OAC to address these issues and are forwarding a copy of this report to the Auditor of State for their information.

TABLE OF CONTENTS

	Page
I. BASIS FOR INVESTIGATION.....	1
II. ACTION TAKEN IN FURTHERANCE OF INVESTIGATION.....	1
III. DISCUSSION.....	1
Allegation: The Ohio Athletic Commission permitted experienced and professional boxers to compete in tough person contests.....	2
IV. OTHER MATTERS.....	4
A. STATE AUDIT COMPLIANCE.....	4
B. CASH HANDLING.....	5
C. PAYROLL RECORDS.....	6
D. TRAINING.....	7
E. POLICIES AND PROCEDURES.....	7
F. COMMISSION OVERSIGHT.....	7
G. OFFICE LOCATION.....	8
V. CONCLUSION.....	8
VI. REFERRAL.....	9
VII. RECOMMENDATIONS.....	10

I. BASIS FOR INVESTIGATION

The Office of the Inspector General initiated this investigation following media reports that the Ohio Athletic Commission's oversight of tough person¹ boxing was placing amateur fighters at risk.

II. ACTION TAKEN IN FURTHERANCE OF INVESTIGATION

In the process of investigating this matter, we conducted interviews of OAC commissioners and staff,² and reviewed cash handling processes, payroll records, and other administrative processes.

III. DISCUSSION

The purpose of the Ohio Athletic Commission (OAC) is to regulate boxing, wrestling, kickboxing, karate, and tough person contests in the state to protect the safety of the fight participants. Chapter 3773 of the Ohio Revised Code addresses the duties of the commission and their agents, as well as the regulations of the industry and its participants. Prior to 1996, the OAC was referred to as the Ohio Boxing Commission.

A Cleveland television station aired a story on May 4, 2004, involving a boxer with a professional record competing in a local tough person contest. The story noted Ohio Administrative Code 3773-6, which states, "Contestants shall not have any previous professional boxing experience and shall not have over five sanctioned amateur wins in the

¹ We refer to "Toughman" fighting as "tough person" throughout this report of investigation as this competition also includes women boxing. "Toughman Contest" is the registered trademark of Adoreable Productions of Bay City, Michigan. Toughman contests have been conducted in 44 states, according to the Toughman website.

² The Ohio Athletic Commission commissioners are: Chairman Gene Weiss, Dave Troutman, Tom Jelepis, John Konstantinos, and Dr. Harry Stiggers. The OAC staff members are: Executive Director Paul Amodio (retired July 9, 2004) and Executive Secretary Judith McCarty.

last five years.” Another requirement of tough person competitions is that contestants “must reside within a seventy-five mile radius of the location in which the contest is being held.”

Allegation: The Ohio Athletic Commission permitted experienced and professional boxers to compete in tough person contests.

Tough person contestants are amateur fighters who compete in three one-minute rounds wearing headgear and 16-ounce gloves. The television report included an interview with Forrest Petz of Cleveland who admitted that he had an 11-0 record in professional fights and had competed in thirteen tough person events. Petz stated that fight promoter Corey Fischer called him and invited him to compete in tough person contests, even after having recently promoted a King of the Cage professional event in Canton that Petz competed in two months before. Our investigation revealed that Forrest “The Meat Clever” Petz was, in fact, the middleweight division champion at the Mahoney Valley “Bada\$\$fighting” event in December of 2003 and had won \$5,000.

OAC agents license tough person contestants at event locations, and until recently, simply relied upon the background information provided by the contestants. Forrest Petz marked “no” in application questions requesting information on amateur fighting experience and championship wins on April 16, 2004. OAC Executive Director Paul Amodio told us that for nearly a year his office has recorded tough person contestant records on a spreadsheet and distributed the records to OAC agents. Nonetheless, Forrest Petz was permitted to compete in the tough person contest in April. We also found a tough person application completed by Petz on March 7, 2003, in which he reported an amateur boxing record of ten wins and three losses.

We reviewed tough person applications for 2003 and found the following:

- In 2003, forty tough person applications completed by boxers showed records of six or more amateur wins (administrative code states no more than five amateur wins).

- In 2003, ten applications showed records of over twenty amateur wins.
- In 2003, one applicant reported that he had an amateur record of 64-2.
- Two fighters in 2003 failed to enter any fighting history on their applications, but were permitted to compete.

We also reviewed the 2004 tough person applications and found that oversight of the tough person contests had improved somewhat. At three of the ten events, a notary public certified the signatures of the boxers. However, we still found problems with the applications:

- Thirteen of the boxers failed to sign their applications, while the signature line includes the statement, "I swear that all of the above statements are true."
- Five of the boxers failed to enter any information regarding their amateur fighting record.
- Six of the boxers reported six or more amateur wins, with one boxer reporting a record of 40 wins and 10 losses and another reporting a record of 36 wins and 14 losses.
- Nine boxers traveled over 75 miles to compete in the tough person contests, with one boxer traveling from Warren to Dayton (244 miles).

Because tough person contestant experience is limited to five amateur sanctioned wins and previous professional boxing experience is prohibited, it is incumbent upon the Ohio Athletic Commission to ensure that adequate measures are taken to protect contestants from the inherent dangers involved in these competitions. Clearly, they have failed to do so. The rules adopted by the commission and the executive director have not been enforced, and their lack of oversight has placed amateur boxers at risk. Accordingly, we find reasonable cause to believe a wrongful act or omission occurred in this instance.

IV. OTHER MATTERS

In the course of this investigation, we also reviewed the general operations of the Ohio Athletic Commission. We reviewed the commission's compliance with audits conducted by the Auditor of State, as well as its cash handling processes, payroll records, and other administrative processes.

A. STATE AUDIT COMPLIANCE

The Auditor of State conducted an audit of the Ohio Athletic Commission and issued a report dated November 19, 1999, for the state fiscal years 1998 and 1999. The audit recommended that the OAC designate a representative to oversee the cash-related functions of the executive director. Generally accepted accounting principles require ongoing oversight of the person handling cash depositing, receipting, and disbursing. The auditor found that there was no oversight of the executive director. The audit report stated, "Though we noted no instances of abuse, the cumulative effect of this weakness is that cash could be diverted or lost and not be detected timely." It also found that Amodio was not depositing money each 24 hours and submitting receipts to the state treasury in a timely manner, as required by law.

The second audit we reviewed was issued on January 14, 2002, for state fiscal years 2000 and 2001. Again, the audit report recommended that "the Commissioners should designate a representative to periodically review reconciling items and posting to the Commission records." The report was also critical of the "after contest reports." It found that thirty-five out of eighty-three reports did not have the proper ticket accounting and financial summary, and twenty-six out of eighty-three reports did not indicate gross proceeds. It also found that promoters overpaid their gross proceed tax on four events during this time period.

The third audit we reviewed was issued on March 4, 2004, for state fiscal years 2002 and 2003. That audit report recommended that the commissioners designate a representative to oversee cash handling by Amodio. And again, the auditor found twelve out of fifty-six after contest reports did not indicate gross proceeds. In fact, two of the fifty-six reports were not located during the audit. Furthermore, the auditor reported that “the bank balance was higher than the book balance in the amounts of \$3,880 and \$2,653 for the fiscal years ending June 30, 2003 and June 30, 2002 respectively.”

We found that the latest auditor report had been reviewed with commission members, but commission members were not briefed on the 1999 and 2002 audit findings. Therefore, the commissioners reported that they were not aware of the ongoing findings. Regardless, we identified no improvements to the cash handling processes in the months following the 2004 audit. This failure to communicate the result of state audits to board members reflects poorly on both the executive director and board members. It is critical that recommendations like these be addressed.

B. CASH HANDLING

The Legislative Service Commission reported in their 2003 Annual Report that the OAC had revenues of \$95,157 in state fiscal year 2002 and \$96,585 in state fiscal year 2003. Ohio Revised Code section 113.08 states that every state officer, employee, and agent “shall...pay to the treasurer of state all money, checks, and drafts received for the state.” We found that the OAC had an established local banking account into which all checks and cash were deposited. “Custodial Accounts” are permitted under Ohio law if established by the treasurer of state, but this account was not in compliance with state law or administrative code. Our investigation revealed that checks payable to the Treasurer of State were being deposited into an account entitled “State of Ohio Athletic Commission.”

Ohio Revised Code section 9.38 states “. . . a state officer, employees, or agent. . . shall deposit all public moneys received by that person with the treasurer of the public office. . . on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars.” The law also states that if moneys do not exceed one thousand dollars, deposits are to be made within three days. We reviewed the OAC check and deposit register and found only five deposits into their private checking account from March 15, 2004 to May 11, 2004, with deposits ranging from \$2,883 to \$11,015.

Ohio Administrative Code 113-1-01 states, “at least twice each week, every state officer. . . and commission shall pay to the treasurer of state all moneys, checks, and drafts received for the state. . .” For this same time period, we found that checks from this local checking account were issued to the treasurer’s office averaging once every two weeks.

When discussing office cash handling processes with Amodio and executive secretary Judith McCarty, we asked if they kept cash and checks in the office safe. We were informed that the safe was not used, no one knew the combination, it had not been opened for nine years, and neither employee knew the contents of the safe. After making arrangements to have the safe opened, we returned to the OAC offices, witnessed the opening of the safe, and found the only contents were a number of commissioner’s passes that entitled pass holders to free entry to all boxing events in Ohio. These passes were dated 1990, which leads us to believe that the safe may have been unused for fourteen years.

C. PAYROLL RECORDS

We requested the OAC payroll records for Amodio and McCarty for 2002, 2003, and 2004. We only received records for two pay periods in 2002, three pay periods in 2003, and most of the 2004 payroll records. In response to our request for copies of “request for leave” forms, we were told that the OAC staff never used leave requests

until the last few months. During the last year, we found that some of the time reports were signed by Chairman Gene Weiss, some were not signed, and others were stamped with Weiss' signature. We found that the commission had no policy or procedure in place related to payroll processing.

D. TRAINING

As the executive secretary, McCarty was charged with managing office payroll and purchasing. However, she stated that since her appointment in August of 2003, she had only received a few hours of training with their representative from the Department of Administrative Services (DAS) Central Services Agency. She added that she had never attended any training offered by the Office of Budget and Management or DAS, other than this training, and performed her duties as taught to her by Amodio. Clearly, it behooves all members and staff of commissions to take advantage of available training in areas related to their positions and responsibility. Such training is available and should be repeated to maintain proficiency.

E. POLICIES AND PROCEDURES

We found that the OAC had no policies or procedures to govern their day-to-day operations. This undoubtedly contributed to the issues raised in this report and the lack of uniformity in dealing with issues.

F. COMMISSION OVERSIGHT

Each of the five members of the OAC had an obligation to oversee the operations of the OAC staff. In so doing, rules should have clearly been established. However, in the one instance where the commission actually approved and enforced a rule involving tough person winners not competing in future contests, we found they had never submitted the rule to the Joint Committee on Agency Rule Review (JCARR) for approval.

G. OFFICE LOCATION

Effective September 6, 2003, HB 95 removed a provision of the Ohio Revised Code section 3773.33 which required the Ohio Athletic Commission office to be located in Youngstown. The commission moved their office to Warrensville Heights, a Cleveland suburb, for several reasons. This 2003 move brought the office closer in proximity to the homes of the commission members. It made available a larger parking lot. It also resulted in a savings of approximately \$1,200 per year.

The OAC offices are located in the MetroPlex Sports and Events Center where OAC Chairman Gene Weiss' business is located. One of the owners of the MetroPlex was a boxing promoter³, and the other owner is a licensed boxing inspector with the OAC. Boxing events are also held at the MetroPlex.

As a result of our investigation, we identified numerous instances of noncompliance with state law, administrative rules, and sound business practices. Accordingly, we find reasonable cause to believe a wrongful act or omission occurred in this instance.

V. CONCLUSION

The Ohio Athletic Commission and its staff are charged with regulating tough person competition to provide for the boxers' safety. Boxing is a dangerous sport in which injuries and deaths occur in both the amateur and professional ranks. The inconsistent oversight by the OAC staff and its agents created an environment ripe for contestant injuries. Allowing a trained, experienced boxer to enter the ring against a contestant from the audience is a recipe for disaster.

³ Dino Trinetti was a boxing promoter licensed by the OAC from April 2003 to April 2004. His promoter license expired on April 25, 2004. The April 16, 2004, tough person contest in which Forrest Petz competed was held at the MetroPlex.

OAC agents supervise tough person contests and are charged with licensing boxers. However, we found procedures in place to protect contestants in the ring to be lax, and on some occasions, nonexistent.

Outside the ring, Executive Director Paul Amodio apparently ignored the recommendations of the Auditor of State office on three occasions. During the course of this investigation, we worked with DAS Central Services Agency (CSA) to provide a solution. CSA staff worked with the treasurer of state office to open a bank account in Warrensville Heights through which the OAC may now deposit all receipts directly into a treasurer of state's account.

Nonetheless, the lack of oversight by the commission members at contest locations and the daily operations of the office need to be addressed. Favorable consideration should be given to moving the OAC offices to Columbus, consolidating the OAC with another board or commission, or incorporating it into another state agency.

Finally, we note that this office conducted an investigation (95-110-IG) of the Ohio Boxing Commission in 1996. While the issues and findings are dissimilar, the underlying problems involved the absence of policies and procedures. Compliance with state law, rules, and accepted business practices continues to be adversely impacted by the lack of training, proximity to state resources, and lack of due diligence and oversight by the commission. The commission must resolve these issues if it is going to avoid similar problems in the future.

VI. REFERRAL

A copy of this report is being forwarded to the Auditor of State for their information.

VII. RECOMMENDATIONS

Based upon our findings, we offer the following administrative recommendations. We request the OAC provide us a written response regarding the implementation of these recommendations within 60 days of the issuance of this report of investigation.

1. Periodic training should be conducted for all judges, timekeepers, inspectors, and referees to ensure compliance with laws and rules and the safety of competitors.
2. The Ohio Athletic Commission should improve their contestant processing by utilizing technology to check fighters' history prior to licensing, as the OAC is the keeper of these records.
3. The commission chairman and executive director should ensure that all state audits are reviewed with each member of the commission.
4. A written procedure on cash handling and reconciliation should be developed, approved by the commission, and adopted.
5. The new executive director, secretary, and a commissioner should attend training on state payroll procedures, and then adopt a commission procedure on payroll management.
6. The new executive director and secretary should attend training on purchasing, fiscal operations, and budget preparation.
7. Policies and procedures should be adopted for licensing, records retention, and other processes unique to the office.
8. The Ohio Athletic Commission should consider moving its office to Columbus where administrative support and training are available for the staff, or consolidating with another board or commission, or incorporating into another state agency.