

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF
INVESTIGATION



AGENCY: OHIO DEPARTMENT OF ADMINISTRATIVE SERVICES
FILE ID NO.: 2015-CA00049
DATE OF REPORT: OCTOBER 12, 2017

The Office of the Ohio Inspector General ... The State Watchdog

“Safeguarding integrity in state government”

The Ohio Office of the Inspector General is authorized by state law to investigate alleged wrongful acts or omissions committed by state officers or state employees involved in the management and operation of state agencies. We at the Inspector General’s Office recognize that the majority of state employees and public officials are hardworking, honest, and trustworthy individuals. However, we also believe that the responsibilities of this Office are critical in ensuring that state government and those doing or seeking to do business with the State of Ohio act with the highest of standards. It is the commitment of the Inspector General’s Office to fulfill its mission of safeguarding integrity in state government. We strive to restore trust in government by conducting impartial investigations in matters referred for investigation and offering objective conclusions based upon those investigations.

Statutory authority for conducting such investigations is defined in *Ohio Revised Code §121.41* through *121.50*. A *Report of Investigation* is issued based on the findings of the Office, and copies are delivered to the Governor of Ohio and the director of the agency subject to the investigation. At the discretion of the Inspector General, copies of the report may also be forwarded to law enforcement agencies or other state agencies responsible for investigating, auditing, reviewing, or evaluating the management and operation of state agencies. The *Report of Investigation* by the Ohio Inspector General is a public record under *Ohio Revised Code §149.43* and related sections of *Chapter 149*. It is available to the public for a fee that does not exceed the cost of reproducing and delivering the report.

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The Inspector General’s Office remains dedicated to the principle that no public servant, regardless of rank or position, is above the law, and the strength of our government is built on the solid character of the individuals who hold the public trust.



Randall J. Meyer
Ohio Inspector General



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL
RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF INVESTIGATION

FILE ID NUMBER: 2015-CA00049

SUBJECT NAME: Unity Resource Solutions
Eron Colson

AIN Systems, Inc.
Demitra Burkhart

POSITION: Vendor

AGENCY: Ohio Department of Administrative Services

BASIS FOR INVESTIGATION: Inspector General Initiative

ALLEGATIONS: Criminal Conduct
Failure to comply with state law and/or regulations

INITIATED: September 24, 2015

DATE OF REPORT: October 12, 2017

INITIAL ALLEGATION AND COMPLAINT SUMMARY

The Office of the Ohio Inspector General received notification from the Ohio Department of Administrative Services (ODAS) on September 22, 2015, that Unity Resource Solutions (Unity) was representing itself as a certified Minority Business Enterprise (MBE) when bidding for state contracts, knowing that the certification had been rescinded days after it was issued.

Additionally, ODAS raised concerns that Unity Resource Solutions was not owned and controlled by Eron Colson and that Unity Resource Solutions was acting as an agent or intermediary in conjunction with Demitra Burkhart and AIN Systems in creating contracts designated strictly for minority-owned businesses.

Unity Resource Solutions is a sole proprietorship owned by Eron Colson. Unity filed a trade name with the Ohio Secretary of State, listing Eron Colson as the registrant on April 11, 2014. The trade name documents state that the date of first use for the name “Unity Resource Solutions” was April 7, 2014. The listed business purposes of Unity are information technology, consulting, and staffing.

On April 23, 2014, Unity filed an application for MBE certification with the ODAS Equal Opportunity Division (ODAS-EOD). On May 8, 2014, ODAS-EOD issued Unity’s MBE certification at the direction of interim Equal Opportunity Coordinator Harry Colson. Unity’s MBE certification was then rescinded on May 20, 2014. On July 17, 2014, the Office of the Ohio Inspector General issued Report of Investigation 2014-CA00039, which determined that Harry Colson directly participated in approving the MBE certification of his wife Eron’s company. The Office of the Ohio Inspector General provided a copy of the report of investigation to the Columbus City Attorney and on March 6, 2015, Harry Colson signed a settlement agreement with the Columbus City Attorney. The settlement agreement stated, “... In mitigation of any violation, certification of Colson’s wife’s company was withdrawn, and neither he nor his wife received any financial benefit as a result of the initial certification.”

BACKGROUND

The Ohio Department of Administrative Services (ODAS) is responsible for providing support services to state agencies. ODAS is organized into five divisions: Collective Bargaining, Equal

Opportunity, General Services, Human Resources, and the Office of Information Technology. The director of ODAS is appointed by the governor and confirmed by the Ohio Senate. ODAS is funded through the general revenue fund and fees charged to agencies for services provided.¹

The ODAS manages the Ohio IT staff augmentation services contract which is used by the state and other public-sector organizations as the preferred method for procuring hourly time and material resources. Knowledge Services² is the full-service managed service provider responsible for overseeing all service delivery activities for the staff augmentation contract, including:

- Agency Consultation
- Vendor response management and performance oversight
- Candidate evaluation and validation
- Interview facilitation
- Invoice processing
- Help desk support³

ODAS Equal Opportunity Division and Minority Business Enterprise (MBE) program

The mission of the ODAS Equal Opportunity Division is to advocate and assist on behalf of Ohio's minority and socially disadvantaged businesses and work to align those businesses with state government contract and procurement opportunities. The goals and objectives of ODAS-EOD are to increase the utilization of certified Minority Business Enterprise (MBE) and Encouraging Diversity, Growth and Equity (EDGE)⁴ business; ensure that all state contractors are complying with EEO construction compliance regulations; and that all state agencies are adhering to the state's affirmative action mandates for contracting and employment.

¹ Source: Biennial budget documents

² Knowledge Services took over as the managed service provider on January 1, 2016. The previous managed service provider was Computer Aid, Inc. (CAI).

³ Source: www.das.ohio.gov

⁴ EDGE is the state of Ohio's Encouraging Diversity, Growth and Equity program designed to assist socially and economically disadvantaged businesses in obtaining government contracts in construction, architecture and engineering, professional services, goods and services, and information technology services.

The MBE program is designed to assist minority-owned businesses in obtaining state government contracts for goods and services. The State of Ohio developed the program because it recognized the need to encourage and support the growth of minority businesses, to foster their development, and increase the number of qualified competitors in the marketplace.

An MBE-certified business must be owned and controlled by a U.S. citizen who is a resident of Ohio and a member of one or more of the following minority groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians. In addition, the following criteria must be met:

- The business must have been in business for at least one year prior to applying, and be at least 51 percent minority-owned.
- The business owner must possess requisite knowledge of the business industry in which he or she is applying; have day-to-day control over the business, exercising final authority over all aspects of daily operations, including but not limited to, operations, financial and business management, human resources, and policy decisions; demonstrate capability or expertise within the classifications identified for a period of one year prior to certification; and possess all licenses and permits required by law to perform the scope of work within classifications requested.⁵

AIN Systems (AIN)

AIN Systems (AIN) is a sole proprietorship owned by Demitra Burkhart. AIN filed a trade name with the Ohio Secretary of State, listing Demitra Burkhart as the registrant on May 1, 2012. The trade name documents state that the date of first use for the name “AIN Systems” was May 1, 2012. The listed business purpose was “IT Services.” AIN is an EDGE-certified company with the state of Ohio. AIN currently does business with the state of Ohio through the IT staff augmentation contract since it entered into a sub-contract with Computer Aid, Inc. (CAI) on May 1, 2013.

⁵ Source: www.das.ohio.gov

Applicable Laws and Policies

Ohio Administrative Code §123:2-15-01(A) states:

“Minority business enterprise” means an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by United States citizens, residents of Ohio, who are and have held themselves out as members of the following economically disadvantaged groups: Blacks, American Indians, Hispanics, and Asians.

Ohio Administrative Code §123:2-15-01(A)(1)(c) states:

“Owned and controlled” means that: ... If the minority business enterprise is a sole proprietorship, one hundred percent of the business is owned by a person who belongs to one of the groups set forth in paragraphs (A)(6) to (A)(9) of this rule, that such owner has ultimate control over the management and day-to-day operations of the business, and that such owner has the entire interest in the capital, assets, profits and losses of the business, not including mortgages and other types of financial arrangements secured by assets or bonds secured by revenues ...

Ohio Administrative Code §123:2-15-01(B)(12) states, “No person who is acting as an agent or intermediary in making contracts under section 123.151 of the Revised Code will be certified as a minority business.”

Ohio Administrative Code §123:2-15-01(G) states:

Any person who intentionally misrepresents himself as owning, controlling, operating, or participating in a minority business enterprise for the purpose of obtaining contracts, subcontracts, or any other benefits under sections 123.151 and 125.081 of the Revised Code shall be guilty of theft by deception as provided in section 2913.02 of the Revised Code and such other provisions as may apply.

INVESTIGATIVE SUMMARY

The Office of the Ohio Inspector General reviewed the following documents provided by ODAS on September 22, 2015:

- A timeline created by ODAS detailing the events that have occurred to date involving Unity;
- Unity's trade name registration with the Ohio Secretary of State;
- "Criteria for participation" in IT staff augmentation;
- A contract between CAI and Unity;
- The MBE certification letter dated May 8, 2014, signed by Harry Colson for Unity;
- An email from CAI listing approved vendors as of May 15, 2014;
- A letter dated May 20, 2014, signed by ODAS Director Robert Blair, rescinding Unity's MBE certification;
- An email dated September 2, 2014, from Eron Colson to ODAS inquiring about the status of her MBE certification;
- A second MBE certification letter dated May 8, 2014, to Unity with Blair's signature, printed on September 5, 2014;
- Notice of Intent to Deny MBE Certification letter dated November 13, 2014, from ODAS to Unity;
- A December 10, 2014, letter from Unity to ODAS requesting a hearing;
- A December 19, 2014, letter from ODAS to Unity scheduling the hearing;
- Harry Colson's settlement agreement;
- A May 13, 2015, letter to ODAS from Unity withdrawing the request for a hearing;
- An August 3, 2015, letter to Gregory Williams, deputy director of ODAS-EOD, from Eron Colson explaining her opinion of the history of her MBE application process;
- An August 28, 2015, letter from Williams to Colson rescinding the Notice of Intent to Deny, dated November 13, 2014, notifying Colson that ODAS-EOD would continue to review the application, and requesting additional documentation;
- A copy of an email from Eron Colson to Williams dated September 15, 2015, with the documents attached that Williams requested on August 28, 2015.

On March 18, 2016, ODAS-EOD issued a Notice of Intent to Deny Unity Resource Solutions' MBE certification and on April 20, 2016, ODAS received a request from Unity appealing ODAS' Notice of Intent to Deny. On September 28, 2016, a hearing was held on Unity's appeal of the ODAS Notice of Intent to Deny its application to become an MBE-certified business. Unity was represented by attorney John Waddy. Demitra Burkhart was identified as a witness for Unity, but did not testify. Eron Colson asserted her Fifth Amendment right against self-incrimination and would not answer questions. The hearing officer's recommendation was to deny Unity's application for MBE certification. [\(Exhibit 1\)](#) In his "conclusions of law" the hearing officer stated, in part:

... 79. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity was properly denied MBE certification because Eron Colson failed to have actual control of the management and day-to-day operations of Unity at the time her Application was submitted to the Equal Opportunity Division of DAS or at any time thereafter.

80. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity works exclusively with AIN, which is owned and controlled by a non-minority and is in the same or similar type of business. Unity completes all the work for which it pursues certification through and in collaboration with AIN.

81. The reliable, probative and substantial evidence in the record for this Appeal establishes that AIN has undue influence over the applicant's business by effectively exercising final, actual authority over several aspects of the day-to-day operations of the applicant's business, which directly and indirectly restrict the economic growth of Unity's business.

82. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity is acting as an agent or intermediary on behalf of AIN in attempting to secure contracts that are set aside for the MBE program.

Although Waddy filed objections to the hearing officer's report and recommendation on November 23, 2016, ODAS Director Robert Blair confirmed and approved the report and recommendation on February 6, 2017. Unity had 15 days to file a notice of appeal with ODAS and with the Franklin County Court of Common Pleas, which Unity representatives failed to do.

CAI, Inc. provided investigators with a document that detailed all payments made to Unity for work performed under IT staff augmentation for the period of January 1, 2014, to December 31, 2015. The table below lists all payments received by Unity during the time period reviewed, totaling \$1,200,707.43.

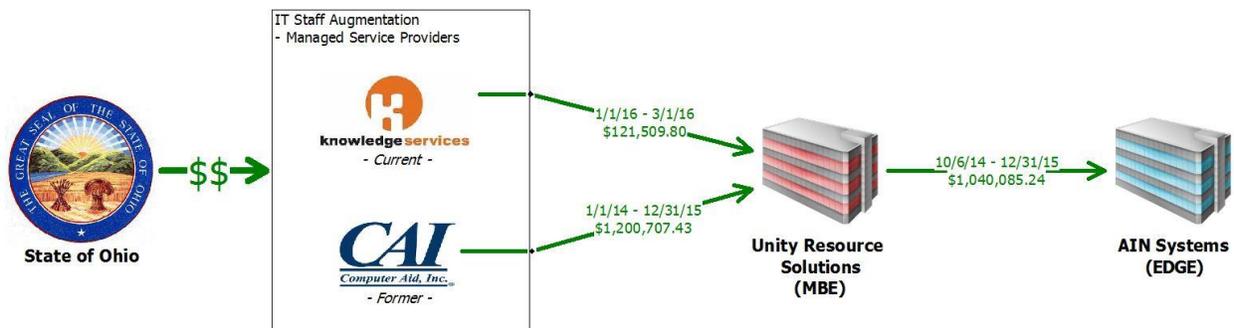
Agency Name	Candidate Name	Vendor Name	Payment to Vendor
Administrative Services	Chokshi, Ami	Unity Resource Solutions	\$17,096.80
Administrative Services	Kesani, Sree	Unity Resource Solutions	\$187,023.22
Agriculture	Thirunahari, Haritha	Unity Resource Solutions	\$82,582.50
Job & Family Services	Gupta, Sujasha	Unity Resource Solutions	\$35,500.00
Job & Family Services	Komatireddy, Srilatha	Unity Resource Solutions	\$32,321.08
Job & Family Services	Krishnamurthy, Aparna	Unity Resource Solutions	\$69,328.21
Mental Health	Holtzclaw, Mark	Unity Resource Solutions	\$97,269.48
Mental Health	Kulkarni, Nivedita	Unity Resource Solutions	\$12,518.88
Mental Health	Podila, Susho	Unity Resource Solutions	\$120,370.08
Mental Health	Pruett, Kevin	Unity Resource Solutions	\$101,311.00
Mental Health	Syed, Ahsan	Unity Resource Solutions	\$6,949.68
Mental Health	Syed, Zareen	Unity Resource Solutions	\$43,948.45
Ohio Department of Medicaid	Chalasani, Sushanth	Unity Resource Solutions	\$185,578.17
Ohio Development Services Agency	Syed, Zareen T	Unity Resource Solutions	\$74,007.68
Rehabilitation & Correction	Thirunahari, Haritha	Unity Resource Solutions	\$49,686.21
Taxation	Ravula, Sankar	Unity Resource Solutions	\$85,216.00
		Total Payments (1/1/14 - 12/31/15):	\$1,200,707.43

The Office of the Ohio Inspector General contacted Knowledge Services (KS) to determine if Unity received any MBE contracts after KS replaced CAI and took over as the managed service provider for the State of Ohio IT staff augmentation services contract. KS informed investigators that when KS took over as the managed service provider, the information CAI provided to KS indicated that Unity was a certified MBE business, with six resources engaged through MBE-only contracts. KS noted that while conducting an audit in February 2016, KS discovered that Unity should not be classified as a certified MBE. Once KS confirmed with ODAS that Unity was not a certified MBE business, KS changed Unity's MBE classification within their operating system. KS noted to investigators that Unity did not obtain any new

requisitions during the period of time KS had erroneously listed Unity as an MBE-certified business prior to KS’ audit. All the resources listed on the MBE-only contracts were incumbents from when CAI was the managed service provider. KS confirmed that the misclassification of Unity as a certified MBE was corrected before Unity received any payments; therefore, Unity did not receive any payments from KS on the MBE-only contracts.

The Office of the Ohio Inspector General subpoenaed Eron Colson’s and Unity’s bank account records. Eron Colson and Harry Colson were listed as the signatories on Unity’s bank account. From an analysis of Unity’s bank records, investigators determined that from October 3, 2014, to September 10, 2015, CAI deposited \$583,158.85 into Unity’s bank account and Unity transferred \$565,469.33 to another bank account at Fifth Third Bank. The Office of the Ohio Inspector General issued a subpoena to Fifth Third Bank and determined that the account belonged to AIN Systems/Demitra Burkhart/John Burkhart. The analysis further found that 96.9 percent of the CAI payments originally deposited into Unity’s account were subsequently transferred to the Fifth Third Bank account within a few days of receipt.

ODAS provided the Office of the Ohio Inspector General with additional records that had been provided to them from Unity as part of ODAS’ continued review of Unity’s application for MBE certification. A review of those documents found a detailed list of transfers totaling \$1,040,085.24, made from Unity’s bank account to the AIN Fifth Third Bank account from October 6, 2014, to December 31, 2015.



These multiple transfers from Unity's bank account to AIN's bank account, totaling over \$1,000,000.00, suggests that Unity had no commercially useful function. Specifically, it appears that AIN, in order to gain the benefits provided exclusively to vendors who are certified as MBE, used Unity as a pass-thru vendor to gain MBE set-aside dollars.

The Office of the Ohio Inspector General received additional records from ODAS including a letter dated September 14, 2015, to Curtis Brooks, ODAS Office of Information Technology Enterprise Information Technology Contracting, from Demitra Burkhart, identifying herself as the resource manager for Unity, requesting that Unity be added as a supplier on a state-term schedule contract held by Harris, Makessy & Brennan, Inc. ([Exhibit 2](#)) In the letter, Burkhart specifically identified herself as the contact for Unity and listed Eron Colson's home address as her office address. Burkhart also listed her telephone number, which was identified as Burkhart's personal cell phone.

The Office of the Ohio Inspector General reviewed Burkhart's state email accounts, which included state email accounts from the Ohio Department of Mental Health and Addiction Services and the Ohio Department of Transportation. Investigators identified several emails to-and-from Burkhart related to Unity's MBE certification application process. On April 21, 2014, Burkhart sent an email from her Ohio Department of Mental Health and Addiction Services state email account to Lori Wildes,⁶ then-senior account manager at CAI. The subject line of the email was "FW: new company." In the email, Burkhart stated:

... I am working with Eron Colson, who has a staffing company, Unity Resource Solutions. We submitted her paperwork to the CAI Help Desk over the weekend. Any help in getting the application some attention would be greatly appreciated ... We are working on the MBE certification also. Hopefully that will not take long either and **we can toss our hat into the ring** [Emphasis added].

⁶ Lori Wildes is now employed with Data Systems Integration Group (DSIG) as director of business development.

On April 24, 2014, Burkhart sent an email from her state email account to Wildes, stating:

... the MBE is being fast tracked and Eron should be certified before the 15. That is a relief. We submitted her CAI application on Sunday, the 20th ... I realized last night that we did not include a list of her services. So I sent that off last night ...

Wildes responded to Burkhart at her state email address, stating:

... I have someone that will reach out to you, it will be a direct request for Transportation. I haven't spoken to him yet but he is retired from there and they want him back. He wants to go 1099. The rate to the vendor is \$106.52 and he knows that. If you work it out with him make sure you take at least \$20/hour off the top ... You should probably start thinking about a tiering system per labor category ... just saying my two cents ...

On April 30, 2014, Burkhart received an email on her state email account from Dave Anand.⁷

Anand stated:

... I thought since you are about to get the MBE in a week or so, you may have shot it ... How much a cut are we talking about, if its going to be two company involved then it may not be worth it. The manager did say, if he cannot find any suitable candidate it will be open to non-MBE.

Burkhart sent an email to Wildes on April 30, 2014, from her state email account and stated, in part:

... But not knowing how many have been submitted and knowing that I have seen no jobs open up (which tells me everything is getting filled thru MBEs) makes me think finding an MBE is the only way ...

On May 2, 2014, Burkhart sent an email from her state email account to Wildes stating:

I am trying not to panic ... but my expectation was this would be through the system by now (the certification). The fact that it is not, makes me worry. I reached out to Blue

⁷ Dave Anand was an independent contractor with the Ohio Department of Health from May 4, 2014, through June 30, 2014.

Apple and have a meeting with Leslyn next week. I am going to call others too. **When my certification comes through**, [Emphasis added] great. But I am concerned that I am going to lose Deidre (who will never make what I give her if she is forced to go to another company) ...

Wildes replied to Burkhart at her state email address on the same day, stating, "... Once you get it send it up to MSP operations asap and let me know so I can push it thru." Burkhart replied, "Do you mean **after I get my MBE?** [Emphasis added] ..."

On May 8, 2014, Burkhart sent an email from her state email account to Wildes, stating:

... Eron is having her interview today at 3pm for the MBE ... She has listed me as the documentation person and I will have an admin account. I am hoping she will have good news after the interview. I will let you know ...

On May 8, 2014, Burkhart sent an email from her state email account to Anand, which stated:

"My interview for the MBE is today. [Emphasis added] All the paperwork is in ... I believe this is just a formality ..."

On May 9, 2014, Burkhart sent an email from her state email account to Wildes, which stated:

"... I will feel so much better when my MBE comes through. [Emphasis added] I will be on it like white on rice. I will send it to you, CAI ops ... the world! - to make sure I can see the openings right away ..."

On May 9, 2014, and again on June 26, 2014, Burkhart sent an email from her state email account to her personal email account on Hotmail.com. The email contained an attachment "UnityResourceSolutions MBE Certification.pdf." That attachment was an MBE certification letter dated May 8, 2014, to Unity Resource Solutions, specifically Eron Colson, and signed by Harry Colson.

On June 3, 2014, Burkhart sent an email from her state email account to the state email account of Deidre Stump, a contractor/consultant working through AIN Systems for ODAS. The email stated, in part:

... I have been working with a couple of MBEs discussing the rate ... **this should not be a huge cut that they get because they are a pass through and nothing more.**

[Emphasis added] That said, I have been informed that you found an MBE. What is the name of the company and what is the cut they want to pass your p.o. through? ...

The Office of the Ohio Inspector General requested and reviewed all communication between CAI and its employees, and Demitra Burkhart, John Burkhart, Eron Colson and Harry Colson. Investigators found an email chain beginning with an email from TechInsurance to Eron Colson's personal email address dated April 29, 2014, at 5:34 p.m. The email describes Unity's insurance policy coverage and included an attachment which was the certificate of liability insurance. Eron Colson then forwarded that email from TechInsurance regarding Unity's insurance policy to Burkhart's personal email account on April 29, 2014, at 5:37 p.m. This email was then forwarded to CAI and Eron Colson from the Unity Resource Solutions email address. The email stated:

... Attached please find the corrected insurance certificate and the write up of services offered by my company. This is the list I share with potential clients.

In the event you need additional information about the certificate of insurance, please see below for the email from my provider.

If there are any questions, please do not hesitate to reach out to me. I am hopeful this will resolve the issues and we can move forward with the certification process ...

On January 21, 2016, the Office of the Ohio Inspector General received and reviewed additional documentation from ODAS, which consisted of a series of emails. From this review, investigators discovered an email, sent by Burkhart on December 17, 2015, from her personal email address to Ann Brubaker, deputy scheduler for Governor John Kasich's Office, and copied

to both Juliana Schultz⁸ and Eron Colson. In this email, Burkhart identified herself as the recruiting manager for Unity Resource Solutions and complained about the lack of response from ODAS regarding the MBE status of Unity Resource Solutions. Burkhart continued to have ongoing email communication with Brubaker regarding the MBE certification of Unity Resource Solutions.

Investigators also found an email from Brubaker advising Burkhart to communicate with Paul Russell, ODAS chief legal counsel, regarding her concerns with Unity's MBE certification. Burkhart sent an email from her personal email account to Paul Russell on December 23, 2016, stating, "... Were you able to secure a meeting on Monday, January 4, 2016?" Eron Colson was not copied on this email and did not participate in the communication. After some exchange of email communication between Demitra Burkhart and Paul Russell, a meeting was scheduled for January 4, 2016. On January 4, 2016, Russell sent an email to Burkhart's personal email account. Russell stated,

Thank you and Eron for taking the time to sit down and talk this morning. We appreciate that there is some frustration and confusion. You indicated at the meeting that you or Eron had let CAI know prior to early September 2014 that Unity's status and an MBE vendor was uncertain. Can you please provide us with some confirmation? You mentioned that this was probably done by way of phone calls. Perhaps a contact at CAI can confirm your communications with them?

On February 10, 2016, Greg Williams, ODAS-EOD state coordinator, sent an email to Eron Colson. Williams stated, in part:

... Information - including that obtained from the January 4, 2016 meeting – appears to indicate that you do not have actual control of the day-to-day operations of the applicant business. Specifically, EOD questions Unity Resources Solutions's affiliation with AIN and whether Demitra Burkhart, a non-minority and owner of AIN, exercises undue influence over Unity Resource Solutions's day-to-day operations.

⁸ At the time of the December 17, 2015, email, Schultz was the director of scheduling for Governor Kasich.

The Office of the Ohio Inspector General attempted to interview Eron Colson. Colson originally agreed to an interview, which was scheduled for March 24, 2016. However, Colson contacted investigators on March 23, 2016, to cancel the interview because she was still trying to hire an attorney. Investigators later received notification from Attorney John Waddy informing them that he was representing Eron Colson. On May 25, 2016, Waddy notified investigators that he had advised Eron Colson not to participate in an interview with investigators.

The Office of the Ohio Inspector General conducted an interview with Lori Wildes on February 2, 2017. Wildes answered investigators' questions for approximately 30 minutes until she abruptly ended the interview. On February 1, 2017, investigators received an email from Wildes with documents attached. One of those documents was an email chain on January 5, 2016, between Eron Colson and Lori Porschart, contract and administration manager at CAI.⁹ The last email in that chain was a forwarded email sent on January 5, 2016, at 1:32 p.m. from Porschart to Eron Colson's Unity email address. The email stated:

Hi Eron,

Attached is the report you requested. Please note the first submittal for 2014 was in June.

Thank you,

Lori Porschart ...

This email was then forwarded on January 5, 2016, at 2:18 p.m. from Eron Colson's Unity email address to Lori Hubbard's (a.k.a. Lori A. Wildes) personal email address. The email stated:

fyi – gotta run to a meeting --demitra

Unity Resource Solutions

Eron Colson

⁹ Lori Porschart is now a contractor/consultant working the Ohio Department of Transportation with Demitra Burkhart through Lori Wildes' company, Data Systems Integration Group, (DSIG).

The Office of the Ohio Inspector General attempted to interview Demitra Burkhart. Investigators contacted Burkhart on May 10, 2017, and provided several available dates for the interview. On May 18, 2017, Burkhart informed investigators that she would not be able to attend on any of the dates originally provided. Investigators left unreturned messages with Burkhart on May 31, 2017, and June 19, 2017. On June 22, 2017, investigators received notification from Burkhart's attorney that she declined the opportunity to be interviewed.

CONCLUSION

Unity Resource Solutions (Unity) is a sole proprietorship owned by Eron Colson. Unity filed a trade name with the Ohio Secretary of State, listing Eron Colson as the registrant on April 11, 2014. The Office of the Ohio Inspector General found that Unity Resource Solutions was initially certified by ODAS-EOD as an MBE on May 9, 2014, at the direction of Harry Colson, former ODAS-EOD state coordinator, and Eron Colson's husband. On May 20, 2014, Unity's MBE certification was rescinded, noting that the certification was issued in error and that the certification remained pending and under review.

On March 18, 2016, ODAS-EOD sent Unity a Notice of Intent to Deny MBE Certification because Unity was not owned and controlled by a member of an economically disadvantaged group, and Unity was acting as an agent or intermediary in making contracts under Ohio Revised Code §123.151. Unity requested an administrative hearing to appeal the Notice of Intent to Deny MBE Certification, which was conducted on September 28, 2016. In the report and recommendations, the hearing officer stated, in part:

74. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity was not certified as a MBE during the period of May 8, 2014 through May 8, 2016 ...

79. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity was properly denied MBE certification because Eron Colson failed have actual control of the management and day-to-day operations of Unity at the time her Application was submitted to the Equal Opportunity Division of DAS or at any time thereafter.

80. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity works exclusively with AIN, which is owned and controlled by a non-minority and is in the same or similar type of business. Unity completes all the work for which it pursues certification through and in collaboration with AIN.

81. The reliable, probative and substantial evidence in the record for this Appeal establishes that AIN has undue influence over the applicant's business by effectively exercising final, actual authority over several aspects of the day-to-day operations of the applicant's business, which directly and indirectly restrict the economic growth of Unity's business.

82. The reliable, probative and substantial evidence in the record for this Appeal establishes that Unity is acting as an agent or intermediary on behalf of AIN in attempting to secure contracts that are set aside for the MBE program ...

The hearing officer recommended denying Unity's request to be certified as an MBE. On February 6, 2017, the director of ODAS issued an adjudication order in this matter. The adjudication order stated, in part:

... Having reviewed the Report and Recommendations of the Hearing Officer, along with any objections to that report that have been filed, the Director of the Department of Administrative Services hereby confirms and approves the Report and Recommendation of the Hearing Officer ...

Unity had 15 days to file a notice of appeal with ODAS and with the Franklin County Court of Common Pleas, which Unity representatives failed to do.

The investigation determined that from May 8, 2014, to December 31, 2015, Unity received payments totaling \$1,200,707.43 on MBE set-aside contracts. However, the settlement agreement that Harry Colson entered into on April 28, 2015, stated in part, "... neither he nor his wife received any financial benefit as a result of the initial certification ..."

Pursuant to Ohio Administrative Code §123:2-15-01(G):

Any person who intentionally misrepresents himself as owning, controlling, operating, or participating in a minority business enterprise for the purpose of obtaining contracts, subcontracts, or any other benefits under sections 123.151 and 125.081 of the Revised Code shall be guilty of theft by deception as provided in Ohio Revised Code §2913.02 and other provisions as may apply.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

The investigation found, and the hearing officer confirmed, that Unity Resource Solutions worked exclusively with AIN, which is owned and controlled by Demitra Burkhart, and is in the same type of business. AIN, specifically Demitra Burkhart, had control of the day-to-day operations of Unity Resource Solutions.

The investigation found that although the emails sent to or from Eron Colson at unityresourcesolutions@gmail.com appeared to be to or from Eron Colson, they were in fact regularly written and sent by Burkhart using the unityresourcesolutions@gmail.com. All communication with the governor's office and ODAS which occurred in December 2015 and January 2016 regarding the status of Unity's MBE certification was generated by Demitra Burkhart. Based on documents reviewed by the Office of the Ohio Inspector General, at no time during December 2015 or January 2016 did Eron Colson, as owner of Unity Resource Solutions, contact ODAS or the governor's office regarding the status of Unity's MBE certification.

A review of Unity's bank account, which included both Eron Colson and Harry Colson as signatories, found that approximately 96.9 percent of payments received and deposited by CAI were subsequently transferred to an account belonging to AIN Systems/Demitra Burkhart. These multiple transfers from Unity's bank account to AIN's bank account, totaling over \$1,000,000.00, suggests that Unity had no commercially useful function. Specifically, it appears that AIN, in order to gain the benefits provided exclusively to vendors who are certified as MBE, used Unity as a pass-thru vendor to gain state MBE set-aside dollars.

Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe that a wrongful act or omission occurred in this instance.

RECOMMENDATION(S)

The Office of the Ohio Inspector General makes the following recommendations and asks the director of the Ohio Department of Administrative Services to respond within 60 days with a plan detailing how the recommendations will be implemented. The Ohio Department of Administrative Services should:

1. Review the conduct of Unity Resource Solutions and Eron Colson to determine if debarment is warranted pursuant to Ohio Revised Code §125.25.
2. Review the conduct of AIN Systems and Demitra Burkhart to determine if debarment is warranted pursuant to Ohio Revised Code §125.25.
3. Implement a more thorough review process of applications for Minority Business Enterprise certification, including on-site reviews, to remove the potential of pass-through businesses receiving MBE certification.
4. Implement a rule change to add “Commercially Useful Function” criteria to MBE certification requirements contained in Ohio Administrative Code §123:2-15. This language is already applicable to state EDGE certification through Ohio Administrative Code §123:2-16-15.

REFERRALS

This report of investigation will be provided to the Franklin County Prosecuting Attorney and the Columbus City Attorney’s Office for review and consideration.



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Department of Administrative Services

FILE ID #: 2015-CA00049

KEEPER OF RECORDS CERTIFICATION

This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.

Jill Jones
KEEPER OF RECORDS

CERTIFIED
October 12, 2017

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