

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF
INVESTIGATION



AGENCY: OHIO LOTTERY COMMISSION
FILE ID NO.: 2017-CA00027
DATE OF REPORT: DECEMBER 21, 2017

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

“Safeguarding integrity in state government”

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Randall J. Meyer
Ohio Inspector General



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REPORT OF INVESTIGATION

FILE ID NUMBER: 2017-CA00027

SUBJECT NAME: Scott Kronik
Walter Liszniansky
Jeffrey Chapman
Douglas Deighton

POSITION: Inventory Control Specialist Supervisor
Lottery Delivery Worker
Lottery Delivery Worker
Former Lottery Intern

AGENCY: Ohio Lottery Commission

BASIS FOR INVESTIGATION: Agency Referral

ALLEGATIONS: Theft of State Property

INITIATED: July 21, 2017

DATE OF REPORT: December 21, 2017

INITIAL ALLEGATION AND COMPLAINT SUMMARY

On July 20, 2017, the Ohio Lottery Commission (OLC) referred a complaint to the Office of the Ohio Inspector General. The complaint alleged that an OLC employee reported to OLC management that Inventory Control Specialist Supervisor Scott Kronik and OLC Delivery Worker Walter Liszniansky were observed loading wooden pallets and scrap metal items from the OLC warehouse into both OLC vehicles and personal vehicles. After removing these items from the OLC warehouse, Kronik and Liszniansky were observed dividing money between the two of them. Liszniansky had personally told the reporting employee that these items were being sold and the money from the sale was being kept by him and Kronik. The employee reporting the incident to OLC officials said that he had also observed OLC Delivery Worker Jeffrey Chapman loading pallets and scrap metal into both OLC vehicles and personal vehicles.

BACKGROUND

Ohio Lottery Commission

The Ohio Lottery Commission (OLC) oversees on-line (i.e., Pick-3, Pick-4, Mega Millions, Powerball, Keno) and instant ticket lottery games from its headquarters located in Cleveland, Ohio. Net profits from the lottery are transferred to an education fund benefiting primary, secondary, vocational, and special education. OLC is governed by a nine-member commission, appointed by the governor and confirmed by the Ohio Senate. Daily operations are overseen by an executive director also appointed by the governor. The Ohio Lottery Commission is funded through ticket sales and interest earned on invested balances by the Ohio Treasurer of State's Office.¹

Ohio Department of Administrative Services

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.

¹ Source: Biennial budget documents.

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.²

Applicable Policies and Statutes

ODAS, Asset Management Policy AM-02 states, in part; “Ohio Revised Code (ORC) §125.13 directs state agencies to turn in *excess* and *surplus* supplies to the Department of Administrative Services (DAS) for disposal. DAS either disposes of the supplies or authorizes the owning state agency to do so.”

Section 2.9 Proceeds from local sales: State agencies that choose to sell their excess and surplus supplies must receive authority from State Surplus. When state agencies are given authority for local disposition under Ohio Administrative Code (OAC) 123:5-2, they shall request checks to be made out to “Treasurer, State of Ohio” and all proceeds must be forwarded to State Surplus for deposit into the State Investment Recovery Fund: 4270.

Pursuant to OAC 123:5-2-01, a state agency can locally dispose of supplies declared excess or surplus. The disposal of supplies must be done using a fair or impartial process, such as advertisement by newspaper or internet.

State agencies requesting to be granted local disposition to sell supplies declared excess or surplus must submit a request in writing (i.e. email or Turn-In Document).

State agencies authorized to dispose of supplies locally will be notified by State Surplus; an annotation is made on the Turn-In Document, and State Surplus will notify the state agency when to proceed with the bidding process or local disposal.

² Source: Biennial budget documents.

All checks and Turn-In Documents related to the sale of supplies generated locally by state agencies shall be forwarded to State Surplus, and the checks should be made payable to “Treasurer, State of Ohio”. The normal process for refunds to state agencies will be followed, when applicable.

ODAS, Asset Management Policy AM-02 definition of surplus supplies:

Surplus supplies. As defined in ORC §125.12(C), any supplies no longer having any use to the state, including obsolete supplies, scrap materials, and supplies that have completed their useful life cycle.

The OLC Inventory Control Procedures Manual states that the commission is to track inventory of tangible personal property with a color-coded tag system. Tangible personal property such as equipment, machinery, furniture, and non-licensed vehicles with an actual or estimated acquisition cost of more than \$1000.00 is to be tracked with an “ELC” tag. Property with an estimated or actual acquisition cost of between \$250.00 and \$1,000.00 is to be tracked with a “PLC” tag. OLC property with an acquisition cost less than \$250.00 is not tracked and is tagged with a non-trackable tag.

The Inventory Control Procedures Manual Disposal policy states that all “ELC” and certain “PLC” tagged property is to be disposed of through the ODAS State Surplus process, and incorporates ODAS policy “State of Ohio Property Inventory Guidelines and Procedures” from June 30, 1999, which has been replaced with current ODAS policy. The procedures manual does not include a disposal policy for property tagged with a non-trackable tag.

Ohio Revised Code (ORC) §125.13(F) states, in part; “... the director may adopt rules governing the sale, lease, or transfer of surplus and excess supplies in the director’s control by public auction, sealed bid, sale, or negotiation, except that no employee of the disposing agency shall be allowed to purchase, lease, or receive any such supplies.”

INVESTIGATIVE SUMMARY

On July 20, 2017, the Ohio Lottery Commission sent a complaint to the Office of the Ohio Inspector General and the Ohio State Highway Patrol that Inventory Control Specialist Supervisor Scott Kronik, Delivery Worker Walter Liszniansky, and Delivery Worker Jeffrey Chapman were suspected of improper or illegal activity. Also on July 20, the Ohio Lottery Commission placed Scott Kronik, Walter Liszniansky, and Jeffrey Chapman on administrative leave.

On July 25, 2017, interim OLC General Services Division Deputy Director Steve Kmiotek was interviewed by the Office of the Ohio Inspector General. Kmiotek stated that on the afternoon of May 3, 2017, he went to the OLC warehouse located at 4301 Perkins Avenue, Cleveland, Ohio. The warehouse is under the supervision of the General Services Division. When Kmiotek arrived at the warehouse, Inventory Control Specialist Supervisor Scott Kronik was not present. Kmiotek asked employees at the warehouse where Kronik was, and the employees stated they were unaware of Kronik's whereabouts. Kmiotek checked Kronik's timesheet and found Kronik did not request leave time for that afternoon.

On May 4, Kmiotek reported Kronik's absence to OLC Human Resources (HR) Director Elizabeth Popadiuk and Labor Relations Administrator David Long. In an interview with investigators, Long stated that when he had inquired about Kronik's absence from work on May 3, 2017, he was informed that Kronik also did not report to work on May 4. Long was told that Kronik claimed two hours of personal leave on May 3 and eight hours of sick leave on May 4. Kronik told Long that he left the warehouse on May 3 after receiving a call from his neighbor informing him that a prowler was seen in the area of Kronik's home. Long asked Kronik to submit a doctor's excuse for the sick leave used on May 4. Kronik told Long that he was home sick, but did not see a doctor.

As part of OLC officials' initial inquiry into the complaint, OLC Vehicle Coordinator Supervisor William Allen told investigators he had reported to Popadiuk on June 5, 2017, that for several years, during times he had visited the warehouse, he had observed Kronik asleep on a couch in

the lounge. Allen added that he had also observed Liszniansky sleeping on the couch. Allen reported to investigators that he observed Kronik and Liszniansky loading wooden pallets and scrap metal items from the OLC warehouse into both the OLC truck and personal vehicles and then leave the warehouse. Allen reported that on one occasion, upon their return, he observed Kronik and Liszniansky dividing money between the two of them. Allen said Liszniansky told him that they sold the pallets and scrap metal and they were keeping the money they had received for selling the items. Allen added that he also observed Chapman loading pallets and scrap metal into both OLC vehicles and personal vehicles, and further observed old scrap wire in Chapman's personal vehicle.

Sleeping While on Duty

On July 25, 2017, investigators interviewed six OLC employees who had contact with Kronik, Liszniansky, and Chapman at the warehouse. Chapman, Allen and Steve Davis all said they observed Kronik and Liszniansky sleeping in the lounge area of the warehouse regularly during different times of the work day. Allen said on one occasion he came into the warehouse to pick up a vehicle and found Kronik sleeping. Allen took the vehicle for an oil change, brought the vehicle back, and Kronik was still asleep. Allen added that on numerous occasions when he would call the warehouse attempting to contact Kronik, Allen would be told Kronik was not available. Allen said it had finally reached a point where the warehouse employees were calling him at the OLC headquarters asking if Kmiotek was coming to the warehouse and requested Allen call them if Kmiotek left headquarters. During his interview on July 25, 2017, Kmiotek acknowledged to investigators that he had received information in the past few months of Kronik sleeping while on duty.

On July 27, 2017, investigators interviewed Jeffrey Chapman who has been a warehouse delivery driver for OLC for nine years. Chapman said he was unaware as to why he was placed on administrative leave. Chapman stated that he had seen Kronik and Liszniansky sleeping in the lounge area of the warehouse at various times. Chapman claimed he saw them sleeping during their break and lunch times. Chapman said he had seen them sleeping during the morning

and sometimes both at the same time. Chapman confirmed that in May, Kmiotek came to the warehouse and Kronik was not there and Kronik did not have approved leave.

On August 9, 2017, investigators interviewed Walter Liszniansky, who has been a warehouse delivery driver for OLC for 15 years. Liszniansky said he was informed that the reason Kronik, Chapman, and himself were placed on administrative leave was because of theft of time; specifically, because they were found sleeping at work. Liszniansky told investigators that his work hours were 6:30 a.m. to 3:30 p.m. at the OLC Perkins Avenue warehouse. Liszniansky admitted that he and other co-workers would sleep during their lunch hour and at other times.

On August 30, 2017, former OLC Intern Douglas Deighton was interviewed. Deighton was hired on June 17, 2013, by OLC as a college intern to work in the records retention section at the warehouse. Deighton's employment ended on January 30, 2016. Deighton stated that he had witnessed Kronik and Liszniansky sleeping in the kitchen area of the warehouse.

Wooden Pallet Sales

During an interview conducted on July 25, 2017, interim OLC General Services Division Deputy Director Steve Kmiotek explained that the warehouse receives numerous types of items used for lottery functions. Merchandise that is delivered to the warehouse is stacked on pallets. Kmiotek said that years ago OLC management had directed Kronik to find a local business that would take the pallets "off our hands." Kmiotek said Kronik found a place that would take the pallets; however, he could not name the business or its location. Kmiotek said he could not find receipts or documentation indicating where the pallets were being sent for disposal. Kmiotek said that none of the warehouse employees were given permission to sell the wood pallets, scrap metal, or items from the dumpster.

Kmiotek said that sometime near the end of June 2017, his assistant Bill Gregg informed Kmiotek that he was told that someone was selling pallets from the warehouse. Kmiotek added that he reported the matter to Human Resources. Kmiotek said Kronik's duties included

supervising the warehouse and two drivers, and that he was responsible for accepting deliveries and delivering goods across the state.

During his interview conducted on July 25, 2017, Vehicle Coordinator Supervisor William Allen said that on one occasion, he was at the warehouse and witnessed Kronik, Liszniansky, and Chapman stacking pallets in the OLC truck. Allen asked them what they were doing with the pallets and they replied, “we take them up the street, there is somebody up there that buys them.” When they returned with the empty OLC truck, Allen said he saw Kronik, Liszniansky, and Chapman dividing money between the three of them. Allen said this incident occurred about two years prior to his interview. Allen said just recently Liszniansky offered Davis seven dollars and told Davis that it was money from the pallets and that they were dividing it up, but Davis did not accept the money.

In his interview conducted on July 27, 2017, Delivery Worker Jeffrey Chapman told investigators that the pallets were “shipped off they take them somewhere, where I don’t know.” Chapman said Liszniansky dropped the pallets off but that he (Chapman) did not know where Liszniansky took them. Chapman admitted, “they was getting lunch money” and clarified that the pallets were sold and the money was divided between the three of them. Chapman said the most he had received at one time was \$20 and that the practice had been going on for five or six years. Chapman did not know what the total payment for the pallets was, he only knew the individual amounts he was given. Later in the interview, Chapman admitted that he had gone with Liszniansky to drop off pallets at a warehouse off Quincey Avenue but did not know the name of the place. [\(Exhibit 1\)](#) Chapman said they loaded the pallets from the OLC warehouse into the OLC truck using the state-owned fork lift. Chapman said he was not aware of the proper procedure for the disposition of the pallets.

In his interview conducted on August 9, 2017, Delivery Worker Walter Liszniansky admitted to selling wood pallets from the OLC warehouse to Maximum Pallets, and scrap metal to American Iron and Metal. Liszniansky said the proceeds from the pallets and metal sales were divided between himself, Kronik, and Chapman. Liszniansky noted that about five years prior to this

investigation, OLC had a pallet company that would come to the OLC warehouse and take the excess pallets. However, at some point, this unknown company no longer wanted the pallets. Liszniansky said Kmiotek told OLC warehouse staff to dispose of the pallets, as they were stacking up in the warehouse. Liszniansky contacted Maximum Pallet Corporation to inquire whether they would be interested in taking the pallets. The owner of Maximum Pallet offered to pay for the pallets. Liszniansky said that every couple of months, Kronik, Liszniansky, and Chapman would load the OLC truck with pallets from the OLC warehouse and deliver them to Maximum Pallets. Liszniansky said he would receive \$.50 per pallet, which he would split with Kronik and Chapman. Liszniansky estimated they received a total of about \$300 from the sale of the pallets.

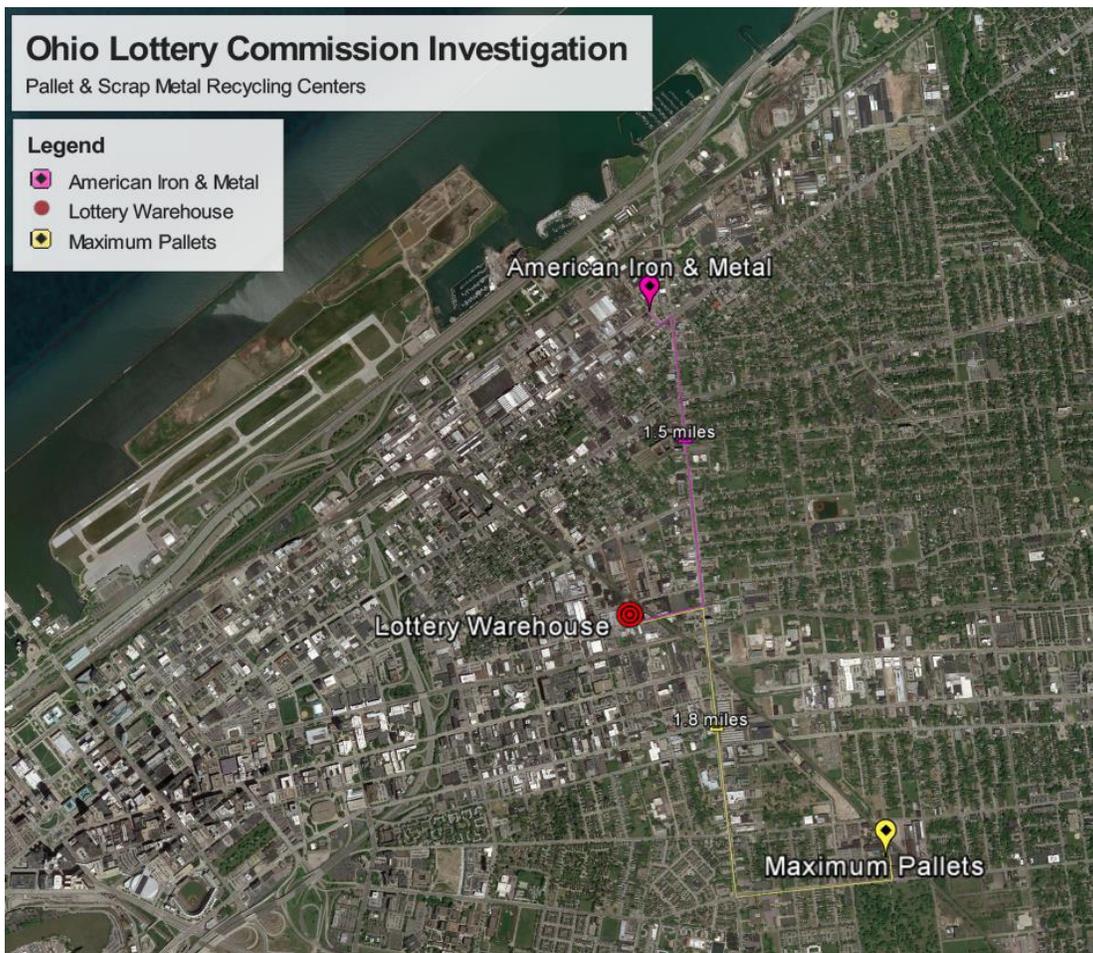
Investigators contacted the owner of Maximum Pallet Corporation and she identified Liszniansky as the customer from whom she had purchased pallets. Maximum Pallets provided a sales history report that revealed 27 instances where Liszniansky sold pallets, including the dollar amounts paid for the pallets. The sales took place from March 19, 2013, to April 25, 2017. Contrary to what Liszniansky told investigators, the sales history report from Maximum Pallets showed Liszniansky had received \$1.25 per pallet for a total dollar amount of \$1,652.50.

Scrap Metal Sales

During his interview conducted on July 25, 2017, Allen told investigators he knew Kronik, Liszniansky, and Chapman were taking metal from OLC tables and other furniture that was to be taken to a scrap yard for disposal. In his July 25, 2017, interview, Kmiotek explained that the Ohio Lottery Commission would store used furniture and file cabinets at the warehouse before auctioning the property. Kmiotek noted that the rules on how to dispose of OLC property were changed from having to dispose of all the property through ODAS, to allowing OLC to dispose of property on site. Kmiotek added that at some point, dumpsters were brought in to dispose of unwanted property; but that practice was not performed often or recently.

Chapman confirmed that OLC would order dumpsters every couple of years to dispose of old furniture. Chapman stated that after OLC stopped procuring dumpsters, they (Chapman,

Liszniansky and Kronik) would take the metal to a scrap yard and would divide the money they were paid between the three of them. Chapman said that they would load the metal items into Liszniansky's pickup truck and take them to a scrap yard located near Hamilton Road in Cleveland. Chapman stated the last time they went to the scrap yard was about two months prior to his interview. Chapman also said this occurred during days and times the three employees were working for the state. Chapman said that he believed they were directed to get rid of this scrap metal by someone at OLC, but was unable to identify the individual.



Location of Wood and Scrap Sales

Investigators reviewed a list of Cleveland-area scrap metal dealers to determine the closest scrap metal yard to the OLC's Perkins Avenue warehouse. On July 27, 2017, investigators went to the American Iron and Metal (AIM) scrap yard at 1240 Marquette Street, Cleveland, Ohio, to

request any records of metal sales from Kronik, Liszniansky, or Chapman. AIM officials told investigators they retain receipts for every purchase of scrap metal. These records include the name and address of the individual selling the scrap metal, the weight of the metal, the current price for the metal, the license plate of the vehicle used to transport the metal and the dollar amount paid for the metal. AIM also retains a photograph of the vehicle and person selling the metal for each transaction.

AIM was given the names of Kronik, Liszniansky, and Chapman and asked to search their records for the last year. AIM's records from July 1, 2016, to July 26, 2017, revealed the following transactions:

Group	Comm.	Commodity	Quantity	Price	UM	Cost	Value	ShipDate	Name	Doc. No.	Truck/Car No.
230	23009	TIN/LIGHT IRON	900	93.6964	MT	0	38.25	10/31/2016	JEFFREY R CHAPMAN	329477	GPM4358
230	23009	TIN/LIGHT IRON	300	115.7426	MT	0	15.75	7/22/2016	WALTER LISZNIANSKY	326676	GPM4358
230	23009	TIN/LIGHT IRON	960	93.6964	MT	0	40.8	10/20/2016	WALTER LISZNIANSKY	329167	GPM4358
230	23009	TIN/LIGHT IRON	300	137.7888	MT	0	18.75	12/22/2016	WALTER LISZNIANSKY	330939	GPM4358
230	23009	TIN/LIGHT IRON	880	162.0396	MT	0	64.68	5/9/2017	WALTER LISZNIANSKY	337141	GPM4358
230	23009	TIN/LIGHT IRON	680	162.0396	MT	0	49.98	5/9/2017	WALTER LISZNIANSKY	337145	GPM4358
230	23009	TIN/LIGHT IRON	540	165.3465	MT	0	40.5	5/17/2017	WALTER LISZNIANSKY	337400	GPM4358
230	23009	TIN/LIGHT IRON	880	165.3465	MT	0	66	5/17/2017	WALTER LISZNIANSKY	337406	GPM4358

Total weight 5,440 lbs. Total cash \$334.71

AIM provided photographs taken at the scale for each transaction, which shows Liszniansky driving a pickup truck registered to him and in some of the photographs another person can be seen sitting in the cab of the vehicle. One of the receipts is made out to Chapman while the other seven receipts are in Liszniansky's name.



Photograph of Liszniansky and Chapman at AIM scrap yard scale on July 2, 2015.

Investigators requested AIM search their records further back to determine if more receipts existed. AIM records from June 30, 2015, to June 30, 2016, revealed the following transactions:³

Group	Comm.	Commodity	Quantity	Price	UM	Cost	Value	ShipDate	Name	Doc. No.	Truck/Car no.
230	23009	TIN/LIGHT IRON	1100	159.835	MT	0	79.75	7/2/2015	JEFFREY R CHAPMAN	322017	DODGE
230	23009	TIN/LIGHT IRON	760	110.231	MT	0	38	8/13/2015	JEFFREY R CHAPMAN	322496	GPM4358
230	23009	TIN/LIGHT IRON	940	110.231	MT	0	47	9/23/2015	JEFFREY R CHAPMAN	322977	GPM4358
230	23009	TIN/LIGHT IRON	660	110.231	MT	0	33	9/23/2015	JEFFREY R CHAPMAN	322980	GPM4358
230	23009	TIN/LIGHT IRON	780	159.835	MT	0	56.55	7/7/2015	WALTER LISZNIANSKY	322048	DODGE
230	23009	TIN/LIGHT IRON	620	159.835	MT	0	44.95	7/7/2015	WALTER LISZNIANSKY	322053	DODGE
230	23009	TIN/LIGHT IRON	740	137.7888	MT	0	46.25	7/17/2015	WALTER LISZNIANSKY	322188	GPM4358
230	23009	TIN/LIGHT IRON	920	110.231	MT	0	46	9/1/2015	WALTER LISZNIANSKY	322753	GPM4358
230	23009	TIN/LIGHT IRON	920	143.3003	MT	0	59.8	5/19/2016	WALTER LISZNIANSKY	325403	GPM4358

Total weight 7,440 lbs. Total cash \$451.30

In his interview conducted on August 9, 2017, Liszniansky admitted to investigators to selling scrap metal to American Iron and Metal. Liszniansky stated that the OLC headquarters would send damaged or unwanted furniture, chairs, tables, filing cabinets, and other scrap metal to the warehouse for disposal. Liszniansky noted that in the past, OLC would order a large dumpster to be delivered to the warehouse and the unwanted property would be placed into the dumpster for

³ AIM only kept records going back to June 30, 2015.

disposal. However, Liszniansky said that OLC has not had a large dumpster delivered to the warehouse for some time. Liszniansky stated that Kmiotek directed them to dispose of the furniture and he and Chapman would take the metal items to the American Iron and Metal scrap yard using Liszniansky's pickup truck. Liszniansky said the money received from the metal was divided between himself, Kronik, and Chapman. Liszniansky estimated that they had scrapped metal 6-8 times and he believed they received approximately \$200 total.



AIM scrap yard June 8, 2015



AIM scrap yard June 23, 2015

In his August 30, 2017, interview, former OLC Intern Douglas Deighton said he was aware that Liszniansky and Chapman were taking metal furniture that was slated for disposal and selling it to a scrap yard. Deighton noted the money received from the scrap yard was divided between Kronik, Liszniansky, and Chapman. Deighton acknowledged that he had accompanied

Liszniansky and Chapman to the scrap yard and received approximately \$20 from the sale of scrap metal. During his interview, Deighton also told investigators he knew Liszniansky had been taking the wood pallets to an unknown location for sale.

On August 18, 2017, the attorney representing Inventory Control Specialist Supervisor Scott Kronik informed investigators that Kronik was not willing to be interviewed

The Ohio Lottery Commission provided the Office of the Ohio Inspector General with copies of five invoices received by the OLC from Elytus Ltd. for the rental of large dumpsters used to dispose of surplus property locally. The total cost of the dumpster rentals was \$2,108.97. The last dumpster rented was in November 2015. The sales of scrap metal from the OLC employees to AIM began in 2014 and continued in 2015, which indicated that the OLC employees were selling state-owned property during the same period when the state was paying for dumpsters to be used for property disposal.

Investigators requested from Kmiotek copies of the Turn-In Documents⁴ that reported surplus property disposed of locally as required by ODAS policy and Ohio Administrative Code. Kmiotek responded that because the items "... disposed of did not have the acquisition value of \$1,000 or more, no permission was required from DAS State Surplus. Therefore, no disposal forms exist for the items that were thrown out." Kmiotek's response relates to OLC property disposal policies and not current ODAS property disposal policies.

On August 16, 2017, investigators contacted ODAS State Surplus Services for clarification on allowing state agencies to dispose of excess or surplus property. Investigators were informed that agencies must submit a Turn-In Document, which then must be approved by ODAS State Surplus Services. State agencies authorized to dispose of supplies locally are notified by State Surplus; an annotation is made on the Turn-In Document, and State Surplus notifies the state agency as to when to proceed with the bidding process or local disposal. If the property is sold, all checks and Turn-In Documents related to the sale of supplies generated

⁴ Turn-In Document – A form to be completed by state agencies in order to be granted approval by ODAS to sell or dispose of supplies declared excess or surplus.

locally by state agencies is to be forwarded to State Surplus, and the checks made payable to “Treasurer, State of Ohio.”

Investigators searched additional research sources for scrap metal transactions and found additional metal sales from Liszniansky, Chapman, and Deighton.

Liszniansky sales

08/08/2014	1000 hrs.	320 lbs.	AIM
06/19/2015	0911 hrs.	400 lbs.	AIM
06/23/2015	1345 hrs.	960 lbs.	AIM

Chapman sales

07/18/2014	0736 hrs.	620 lbs.	AIM
04/13/2015	0916 hrs.	35 lbs.	New Western Reserve
06/05/2015	0838 hrs.	420 lbs.	New Western Reserve
06/08/2015	0823 hrs.	148 lbs.	New Western Reserve
06/08/2015	1135 hrs.	680 lbs.	AIM
06/08/2015	1351 hrs.	620 lbs.	AIM
06/30/2015	1119 hrs.	1300 lbs.	AIM

Deighton sales

08/05/2015	1126 hrs.	680 lbs.	AIM
09/01/2015	1119 hrs.	<u>1320 lbs.</u>	AIM

Total 7503 lbs.

Due to the nature of the records searched, the Office of the Ohio Inspector General was unable to determine the exact dollar value of the cash received for these sales, as the records only identified the individual selling and the weight of the items scrapped. Though the value of scrap metal varies throughout the course of a year, scrap metal sales in 2015 and 2016 were

approximately \$0.061 per pound. Applying this price per pound, investigators determined that the scrap metal sales under review totaled approximately \$457.68.

CONCLUSION

On May 3, 2017, interim OLC General Services Division Deputy Director Steve Kmiotek went to the Ohio Lottery Commission (OLC) warehouse located at 4301 Perkins Avenue, Cleveland, Ohio, and noted that Inventory Control Specialist Supervisor Scott Kronik was not at work. Kmiotek believed Kronik was off work without approved leave. Kronik also did not report to work the following day. When OLC officials began investigating Kronik's absence from work, co-workers began reporting Kronik and Lottery Delivery Worker Walter Liszniansky sleeping at the OLC warehouse during days and times they were working for the OLC. Co-workers also reported that they observed Kronik, Liszniansky, and Lottery Delivery Worker Jeffery Chapman load excess wooden pallets from the OLC warehouse into the OLC truck, after which they sold the pallets and were observed dividing money between the three of them. Additionally, co-workers reported to investigators that Kronik, Liszniansky, and Chapman removed metal furniture from the OLC warehouse and sold it at an unknown scrap yard.

Investigators contacted the American Iron and Metal scrap yard where a search of AIM records revealed 17 instances where Liszniansky and/or Chapman were paid for scrap metal. AIM records also included photographs of Liszniansky, Chapman, former OLC Intern Douglas Deighton, the vehicle used, and the vehicle license plate. Additional searches revealed another 12 instances where Liszniansky, Chapman, and Deighton were paid for the sale of scrap metal. OLC employees Kronik, Liszniansky, Chapman, and Deighton received approximately \$1,243.69 for the sale of the state-owned scrap metal.

Investigators contacted the owner of Maximum Pallets Corp. who identified Liszniansky as the person who delivered and sold wood pallets to her on 27 instances. The Maximum Pallet Corp. records included the dates and amounts of the checks issued to Liszniansky. OLC employees Kronik, Liszniansky, Chapman, and Deighton received \$1,652.50 for the sale of the state-owned pallets.

Chapman and Liszniansky both admitted selling the pallets and scrap metal and splitting the money with Kronik, who declined to be interviewed. While Kronik, Liszniansky, and Chapman were disposing of excess property as requested by Kmiotek, they were not given permission to sell the excess property and keeping the payments for themselves. In total, OLC employees Kronik, Liszniansky, Chapman, and Deighton received approximately \$2,896.19 from the sale of state-owned property.

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

Inventory Control Specialist Supervisor Scott Kronik failed to request and receive authorization from ODAS to locally dispose of agency excess and surplus supplies by completing the Turn-In Document for items disposed.

Accordingly, the Office of the Inspector General finds reasonable cause to believe 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 Lottery Commission to respond within 60 days with a plan detailing how the recommendations will be implemented. The Ohio Lottery Commission should:

- 1) Review the actions of Scott Kronik, Walter Liszniansky, and Jeffrey Chapman to determine if administrative action is appropriate.

- 2) Review and consider revising the OLC asset management policy, specifically addressing excess and surplus property to comply with the ODAS asset management policy. Additionally, require all employees to acknowledge review of this policy.

- 3) Review with all employees Ohio Revised Code §125.13, which prohibits employees from receiving excess or surplus supplies from their agency, and obtain an employee acknowledgement of the review.

REFERRALS

The Office of the Ohio Inspector General has referred this report of investigation to the Cuyahoga County Prosecutor's Office for consideration.



STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

NAME OF REPORT: Ohio Lottery Commission

FILE ID #: 2017-CA00027

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
December 21, 2017

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