



**The Downfall of Athens County Sheriff Patrick Kelly**

**AGA Central Ohio 2022 Professional Development Training**

**DAVE YOST** October 18, 2022  
OHIO ATTORNEY GENERAL



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### Speaker Introduction

**Michael Kaizar,**  
Forensic Accounting Supervisor, BCI

- MBA
- Certified Public Accountant
- Certified Fraud Examiner
- 9 years with BCI
- 12 years Audit Experience (Hexion Specialty Chemicals, Ernst & Young)
- michael.kaizar@OhioAGO.gov



you seem to have the qualifications we're looking for in an accountant"

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### The Ohio Attorney General's Office

- The Attorney General's Office has nearly 30 sections that serve Ohio citizens. A few notable sections include Antitrust law, Consumer Protection, Crime Victim Services, Health Care Fraud, and the Ohio Peace Officer Training Academy.
- BCI is the state's official crime lab and provides expert criminal investigative services to local, state, and federal law enforcement agencies upon request.

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## Bureau of Criminal Investigation (BCI)

- BCI was founded in 1921 and in the early years primarily kept fingerprint records using inmate labor.
- Currently over 400 employees based out of six regional offices and three crime labs.
- BCI is divided into three main divisions- Identification, Laboratory, and Investigations.



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## BCI Forensic Accountants

- 5 BCI Forensic Accountants (FA)
  - 2 London, 2 Richfield, 1 Cambridge
- Each accountant covers the entire state
- Cases are assigned based on expertise, location, and availability.
- Examples of investigations include payroll fraud, narcotics sales, fraudulent financial reporting, asset mismanagement, theft of campaign donation, embezzlement, and forgery.

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## THE DOWNFALL OF ATHENS COUNTY SHERIFF PATRICK KELLY

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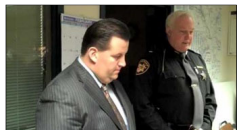
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### Request from Keller Blackburn Allegations

- Personal use of government Sheriff vehicle
- Personal purchases with FOJ funds
- Misappropriation of FOJ funds for unauthorized expenditures
- Improper handling of forfeited vehicles and reported kickbacks
- Illegal use of government vehicle and uniform for campaign purposes
- Misappropriation of confidential informant funds
- Disruption of campaign signs
- Use of Furtherance of Justice Funds to sponsor a campaign dinner



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### Personal Purchases with FOJ Funds



Investigators in Yost's office found that Kelly made "unallowed" or "unsupported" expenditures including suits from Men's Wearhouse and meals at a local Ponderosa Steakhouse. Kelly repaid \$600 spent on "suits, suit jackets and tailoring" into the Athens County Furtherance of Justice (FOJ) fund after being questioned by the auditor's office.

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### Disregard for the Rules or Lack of Understanding?



Beyond the total of \$1,413 Kelly has been asked to pay back to Athens County as a result of the state audit, the sheriff was instructed to stop making numerous disallowed deposits and expenditures from the county's FOJ fund. Kelly explained the incorrect deposits and expenditures by writing, in part, "It has been the past practice of this office for many years prior to my taking office to reimburse the FOJ for expenditures. Right or wrong it has been the practice. I am using the same practice that has been used by the Athens County Sheriff's Office dating back to the 1980's."

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**The Athens NEWS**

**State audit faults sheriff on spending  
Kelly disputes findings, says timing is  
suspect with election for sheriff so close**



The sheriff insists he's done absolutely nothing wrong, and certainly nothing criminal. He stresses that no money is unaccounted for, and he claims that any problems the state has with his recording of the expenditures are just disagreements about bookkeeping minutiae.

"There is not a dollar missing," the sheriff declared. "This is not about missing money. This is about zeroing accounts." Kelly also says that he, and his predecessors, have been handling the FOJ money in much the same way for decades, and that the state has never complained about it before now. Finally, Kelly hinted last week that the timing of the audit findings' release – a month before the November election in which he's facing a challenger – looks remarkably like a campaign-related ploy.

"I find it suspect," he said. "Why would they just release this 30 days before an election?"

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## Forensic Accounting

- Forensic accounting is utilizing investigative skills combined with accounting and auditing procedures. The forensic accountant provides a complete analysis and/or "expert opinion" which can be used in a court of law.
- The term "forensic" itself means something that is suitable for presentation in a court of law.
- Forensic accounting involves providing litigation support both in civil and criminal proceedings.
- A forensic accountant works very closely with law enforcement when investigating a financial crime to determine whether criminal offenses have occurred
- Forensic accountants are experienced in dealing with legal proceedings (i.e. grand jury, prosecutorial assistance, witness rebuttal).

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### As a Forensic Accountant, when I perform my review I am looking for:

- Justifiable purpose
- Reasonable amount
- Necessary to complete purpose
- Amounts and frequency proportionate to role
- Ledgers balance
- Strong internal controls are in place
- Supporting documentation is available
- Financial decisions make logical sense
- Financial transactions are accurately and properly recorded
- Applicable standards are followed

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### Athens County Sheriff's Office Overview of Accounts and Funds

Inside Funds (white boxes)		Outside Accounts (blue boxes)	
<b>001 - General Fund</b> 2009 to 2013	<b>068 - Environmental Donations</b> 2012 to 2013	<b>Athens Sheriff (real estate)</b> - 2009 to 2013 Peoples Bank	<b>Cash box in Sheriff's office</b>
<b>052 - BCI Fingerprint</b> 2009 to 2013	<b>067 - Canine Donations</b> 2012 to 2013	<b>Law Enforcement Dinner</b> - 2009 to 2013 Peoples Bank	<b>Cash disbursed to detectives for confidential informant payments</b>
<b>053 - CCW Fund</b> 2009 to 2013	<b>234 - DARE Salary Grant</b> 2009 to 2013		<b>Furtherance of Justice Fund</b> - 2009 to 2013 Peoples Bank
<b>054 - Sheriff's Grant Projects</b> 2009 to 2013	<b>235 - Sheriff Equipment Grant</b> 2009 to 2013		<b>Mandatory Drug Fine Fund</b> - 2012 to 2013 Hocking Valley Bank
<b>057 - DUI Enforcement and Education</b> 2009 to 2013	<b>236 - Drug Prevention</b> 2009 to 2013		<b>Law Enforcement Trust Fund</b> - 2012 to 2013 Hocking Valley Bank
<b>058 - Mandatory Drug Find Fund</b> 2009 to 2012	<b>291 - OCIS - DVDA</b> 2009 to 2013	<b>541 - Sheriff Academy</b> 2010 to 2013	
<b>062 - Project Lifesaver</b> 2009 to 2013	<b>540 - Academy Training</b> 2010 to 2013	<b>739 - Law Enforcement Trust Fund</b> 2009 to 2012	

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### Overview of Other Relevant Accounts

Campaign Account	Personal Accounts	Other Accounts
<b>Kelly for Sheriff Committee</b> - 2008 to 2012 Ohio University CU	<b>Patrick Kelly</b> 2008 to 2013 Ohio University CU	<b>Seniors and Law Enforcement Together</b> 2010 to 2014 Peoples Bank
	<b>Debra Kelly</b> 2008 to 2013 Ohio University CU	
	Includes: - Mortgage - Home Equity loans - Personal loans - Credit/Debit cards	
	<b>Clinton Stanley</b> Peoples Bank	

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**PAT KELLY FOR SHERIFF CAMPAIGN**

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## Kelly for Sheriff Campaign Account

Approximately 325 financial transactions were identified, many of which were agreed to the Campaign Finance Reports filed by the Kelly for Sheriff Campaign Committee.

All expenditures reported on the Campaign Finance Reports were made by check, debit card, or ACH (electronic) transfer. No cash expenditures were reported.

During the course of my review, I noted a pattern of some campaign contributions that:

1. were cashed and/or never were deposited into the Campaign bank account
2. were generally not reported on the Campaign Finance Reports, and
3. subsequent expenditure of the contributions was not reported on the Campaign Finance Reports.

The fact that these three conditions were apparent for these contributions significantly decreases the possibility that this was the result of an error.

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## Overview of Campaign Fund Findings

	Amount Missing
1 13 campaign contribution checks cashed	\$1,640
2 1 cash withdrawal from the campaign account	100
3 1 campaign contribution check deposited into Defendants bank account	200
4 2 cash campaign contributions not deposited	80
5 Spaghetti fundraiser proceeds not deposited	340
6 1 cash campaign contribution diverted through Clinton Stanley's personal bank account and cashed by Defendant	500
	<b>\$2,860</b>

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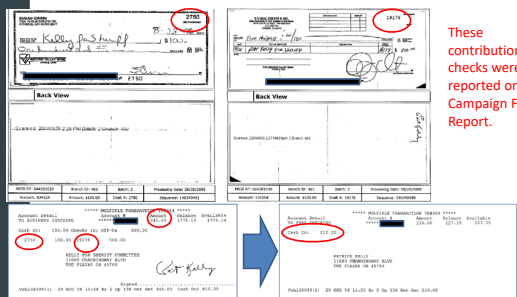
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## Campaign contribution checks cashed

8/29/2008	Check from Susan Gwinn to "Kelly for Sheriff"	\$ 100.00
	Check from OU Real Estate to "Pat Kelly for Sheriff"	500.00
	Checks deposited to Kelly for Sheriff bank account	(340.00)
	Cash paid out	\$ 260.00
8/29/2008	Cash deposited to Pat Kelly personal bank account	\$ 210.00



These contribution checks were not reported on the Campaign Finance Report.

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### Campaign contribution checks cashed

11/19/2008      Check from TDY Democratic Party to "Pat Kelly for Sheriff"      \$    25.00  
 Checks deposited to Kelly for Sheriff bank account  
 Cash paid out      \$    25.00

This contribution check was reported  
on the Campaign Finance Report.

Check was cashed on the Defendant's  
personal account.



### Spaghetti fundraiser proceeds not deposited into the Campaign's bank account

Event Location	Date	Amount	Number of Tables	Total
Yard Sale - Contributions of \$25 or Less	11/11/08	647.00	26	647.00
The Plaza	11/11/08	457.00	23	457.00
Clinton Turner Dinner Fundraiser - Contributions of \$25 or Less	11/12/08	920.00	37	920.00
Spaghetti Fundraiser Contributions of \$20 per Table	11/12/08	1,000.00	50	1,000.00



### Cash campaign contribution diverted through Clinton Stanley's personal bank account and cashed by Defendant

Cash campaign contribution diverted through  
Clinton Stanley's personal bank account and  
cashed by Defendant





### SCRAP METAL SALES

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### Seized Property and Forfeitures

#### Vulnerabilities

- Large amounts of cash and valuable assets involved.
- Easy to steal, scrap, exchange, sell.
- Criminals may have an incentive to understate or deny the existence of assets.
- Discovering the assets is often unplanned / accidental.
- Lack of oversight out of the office.
- Keeping records is a burden.

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### Seized Property and Forfeitures

#### Red Flags

- Poor record keeping.
- History or missing money.
- Unexplained big personal purchases.
- Lack of policies.
- Frequent seizures without charges.
- Assets are sold or scrapped without adequate public visibility.

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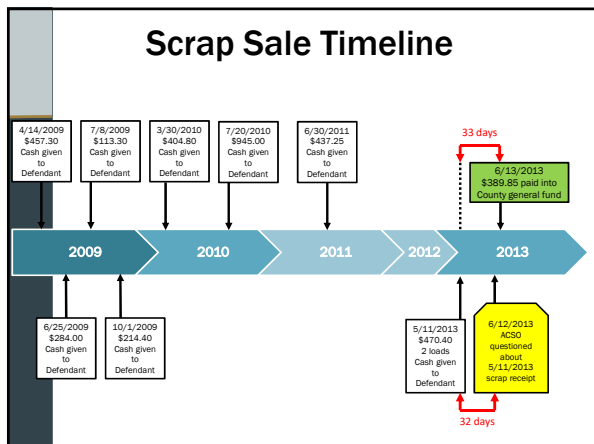
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### SO WHAT HAPPENED TO THE MONEY?

**THE Post**

News • Sports • Culture • Opinion • Blogs • Multimedia

Home • News • Local News

#### Kelly unwilling to release information despite subpoenas, cites 'negative impact' going forward

Posted: Tuesday, September 17, 2013 12:00 am

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### CONFIDENTIAL INFORMANT PAYMENTS

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### Confidential Informant and Drug Buy Funds Vulnerabilities

- Use of cash.
- Need to protect identify of confidential informants.
- Limited access to CI payment and identity records.
- Irregular hours and locations.
- Lack of direct oversight.
- Tendency to trust officer even when policies are ignored.
- Auditors often have limited access to records.

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### Confidential Informant and Drug Buy Funds Red Flags

- Poor accounting.
- History of missing money.
- Lack of prosecution following significant expenditures.
- Insistence on secrecy and conspiracy theories that do not make sense.
- Lack of oversight.
- Lack of written policies.
- Unsecured money – ‘I keep it in my wallet’
- Payments out of line with the service provided.

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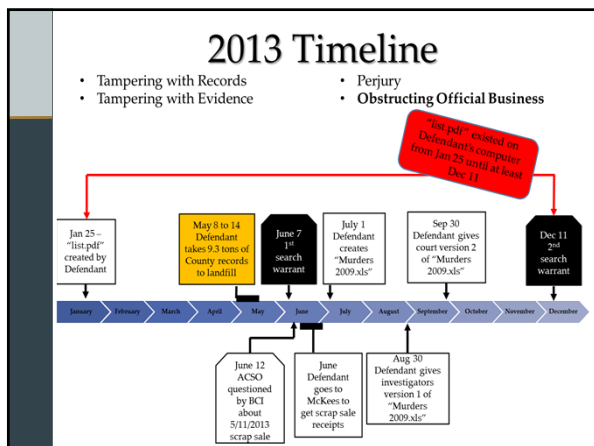
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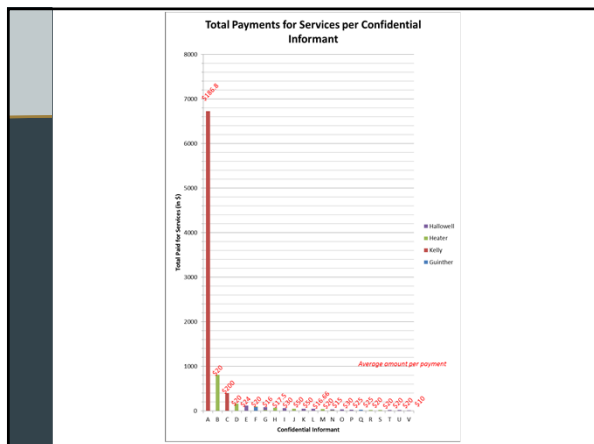
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**Departmental Cash and Assets**  
**Vulnerabilities**

- Cash and high value items, hard to track.
- Often very difficult to distinguish between proper and improper expense / usage.
- Belief that 'there is nothing to steal'
- Small department, difficult to set up adequate segregation of duties.
- Confidential expenses.
- Easy to fabricate documentation.
- Wide variety of types of theft.

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### Departmental Cash and Assets

#### Red Flags

- Outliers.
- Lack of documentation and receipts.
- Lack of policies and procedures.
- 'I approve my own expenses'
- Allegations of misconduct.
- Confidential expenses, even when it doesn't make sense.
- Many people have spending authority.
- Big unexplained changes in expenditures year over year.

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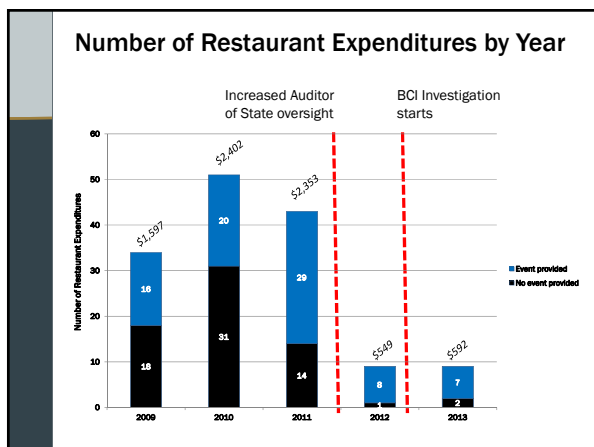
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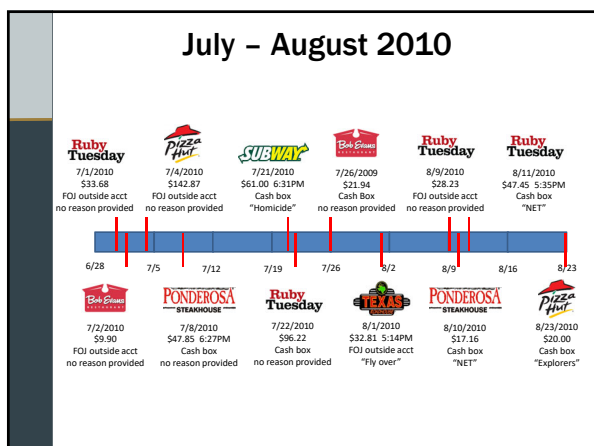
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### Pizza Hut July 4, 2010

**Event:**  
None detailed

Receipt is dated July 4, which is a National Holiday and a Sunday

Receipt includes charges for three kids soft drinks

This expense was charged on the FOJ outside account debit card

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### Ponderosa March 27, 2011

**Event:**  
"Chiefs Meeting, NET discussion"

Four adults, four kids

Sheriff Kelly reimbursed out of the ACSO cash box money, for the wrong amount.

Ponderosa Chiefs mtg 3/27/2011 \$45.66

This receipt was not provided by Sheriff Kelly to BCI in response to a subpoena for all meal receipts.

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## THE VERDICT

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### Pat Kelly Found Guilty

- **Twelve counts of theft in office** — including the sale for personal benefit of county property to McKee Auto Parts & Recycling
- **One count of perjury** for not handing over sheriff's office documents to the Ohio Bureau of Criminal Investigation when asked and lying under oath in September 2013 saying he had provided all documents relating to confidential informants
- **One count of failure to keep a cashbook**, which would have documented expenditures and assets of the sheriff's department
- **Three counts of theft**, relating to money taken from sheriff's office funds that was spent on meals, money withdrawn from the sheriff's campaign account for personal use and cash raised through a campaign spaghetti dinner that was taken by Kelly
- **One count of engaging in a pattern of corrupt activity**, which included Kelly instructing friend Pearl Graham to facilitate criminal actions by selling county property, and then ignoring the requirement to provide car titles when scrapping vehicles at McKee's
- **Order to serve seven years in prison and pay restitution of over \$85,000**

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### Questions

<http://stud.mmlms.com.au/study-summary/question-mark/>

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