

Ohio Auditor of State

If I had a Million Dollars

Presented by:
The Public Integrity Assurance Team

Overview

- ❖Background
- ❖Investigation
- ❖Audit Results
- ❖Prosecution



BACKGROUND Background
BACKGROUND



Background

Village of Mt. Sterling

- Madison County
- Population: Approx. 1700
- Approx. 1.73 square miles



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Background

Joseph Johnson

- Hired by the Village in 1999 as Street Superintendent
- Became Village Administrator in January 2012
- Job duties included assisting Fiscal Officer with preparing disbursements, had authority to issue and sign Village checks, and electronically pay bills from Village accounts.
- Also processed bi-weekly payroll for the Village.



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Background

Timeline of Events

- Joseph Johnson resigned as Village Administrator, effective January 14, 2016.
- Village Mayor, Charles Neff, resigned, effective February 9, 2016.
- On February 24, 2016, Madison County Sheriff's Office and County Prosecutor's Office contacted AOS.
- Concerned a number of assets were missing or unaccounted for.

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Background

Timeline of Events (cont.)

- o Village identified a \$9,599 check to a vendor for a lawn mower.
- o Check was written by Mr. Johnson and support was not maintained.
- o The Village contacted the vendor and obtained a copy of the invoice.
- o The Village could not locate the lawn mower.



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Background

Timeline of Events (cont.)

- o Mayor's computer hard drive had been erased.
- o The Bureau of Criminal Investigations contacted by Village to assist in the investigation.
- o AOS contacted PERS to make them aware of investigation and inquire status & amount of Mr. Johnson's retirement funds.
- o PERS account had been cashed out.
- o AOS designated a special audit of Village.

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Investigation



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Investigation

Mr. Johnson's PERS had been cashed out.

HOW?

The Village Fiscal Officer falsely reported Mr. Johnson's last day as 11/29/15

Ohio Public Employees Retirement System
OPERS
Certification of Final Payroll: Submitted Response
Your response was submitted to OPERS 01/02/16 09:32 AM

Employee Name: JOHNSON, JOSEPH A.
Position: LG-2
Employer: Village Administrator
Final Earnable Salary Date: 11/29/2015
Final Reporting Period End Date: 11/30/2015

Reporting Method: Data Entry
Form Type: Certification of Final Payroll
Last Change Date: 01/02/16 09:32 AM
Last Change By: 2473

Final Earnable Salary Date 11/29/2015

Final Reporting Period End Date 11/30/2015

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Investigation

September 14, 2015

To Mayor Charles Neff and the Village of Mount Sterling Council:
Let this letter serve as my resignation from the position of Village Administrator effective January 1st, 2016.

However, Mr. Johnson did not resign until 1/14/16.

This allowed Mr. Johnson to cash out his accumulated PERS money.

Thank you,

Joseph A. Johnson
Joseph A. Johnson

To Mayor Charles Neff and the Village of Mount Sterling Council.

Let this letter serve as my resignation from the position of Village Administrator effective January 1st, 2016.

Investigation

After an examination of Mr. Johnson's personal bank account, determined he had used PERS money to purchase home in Jackson County.

Investigation



Investigation

Non-Payroll Expenditures

- Checks to Mr. Johnson
- Checks to Vendors
- Credit Cards



Payroll Expenditures

- Payments to Mr. Johnson

Investigation

- Village officials indicated Mr. Johnson had a Village issued credit card with no oversight by anyone at the Village.
- Through an examination of the credit card statements from December 2012 through November 2015, we noted:
 - 890 purchases, totaling \$317,341
 - No itemized receipts maintained
 - Contacted 34 vendors and obtained 338 receipts and invoices, totaling \$234,325

Investigation



BUSINESS TRANSACTIONS

DATE	DESCRIPTION	AMOUNT	BALANCE
12/15/10	SALES	100.00	100.00
12/16/10	SALES	200.00	300.00
12/17/10	SALES	150.00	450.00
12/18/10	SALES	300.00	750.00
12/19/10	SALES	250.00	1000.00
12/20/10	SALES	400.00	1400.00
12/21/10	SALES	350.00	1750.00
12/22/10	SALES	500.00	2250.00
12/23/10	SALES	450.00	2700.00
12/24/10	SALES	600.00	3300.00
12/25/10	SALES	550.00	3850.00
12/26/10	SALES	700.00	4550.00
12/27/10	SALES	650.00	5200.00
12/28/10	SALES	800.00	6000.00
12/29/10	SALES	750.00	6750.00
12/30/10	SALES	900.00	7650.00
12/31/10	SALES	850.00	8500.00
1/1/11	SALES	1000.00	9500.00
1/2/11	SALES	950.00	10450.00
1/3/11	SALES	1100.00	11550.00
1/4/11	SALES	1050.00	12600.00
1/5/11	SALES	1200.00	13800.00
1/6/11	SALES	1150.00	14950.00
1/7/11	SALES	1300.00	16250.00
1/8/11	SALES	1250.00	17500.00
1/9/11	SALES	1400.00	18900.00
1/10/11	SALES	1350.00	20250.00
1/11/11	SALES	1500.00	21750.00
1/12/11	SALES	1450.00	23200.00
1/13/11	SALES	1600.00	24800.00
1/14/11	SALES	1550.00	26350.00
1/15/11	SALES	1700.00	28050.00
1/16/11	SALES	1650.00	29700.00
1/17/11	SALES	1800.00	31500.00
1/18/11	SALES	1750.00	33250.00
1/19/11	SALES	1900.00	35150.00
1/20/11	SALES	1850.00	37000.00
1/21/11	SALES	2000.00	39000.00
1/22/11	SALES	1950.00	40950.00
1/23/11	SALES	2100.00	43050.00
1/24/11	SALES	2050.00	45100.00
1/25/11	SALES	2200.00	47300.00
1/26/11	SALES	2150.00	49450.00
1/27/11	SALES	2300.00	51750.00
1/28/11	SALES	2250.00	54000.00
1/29/11	SALES	2400.00	56400.00
1/30/11	SALES	2350.00	58750.00
1/31/11	SALES	2500.00	61250.00
2/1/11	SALES	2450.00	63700.00
2/2/11	SALES	2600.00	66300.00
2/3/11	SALES	2550.00	68850.00
2/4/11	SALES	2700.00	71550.00
2/5/11	SALES	2650.00	74200.00
2/6/11	SALES	2800.00	77000.00
2/7/11	SALES	2750.00	79750.00
2/8/11	SALES	2900.00	82650.00
2/9/11	SALES	2850.00	85500.00
2/10/11	SALES	3000.00	88500.00
2/11/11	SALES	2950.00	91450.00
2/12/11	SALES	3100.00	94450.00
2/13/11	SALES	3050.00	97400.00
2/14/11	SALES	3200.00	100400.00
2/15/11	SALES	3150.00	103350.00
2/16/11	SALES	3300.00	106350.00
2/17/11	SALES	3250.00	109300.00
2/18/11	SALES	3400.00	112300.00
2/19/11	SALES	3350.00	115250.00
2/20/11	SALES	3500.00	118250.00
2/21/11	SALES	3450.00	121200.00
2/22/11	SALES	3600.00	124200.00
2/23/11	SALES	3550.00	127150.00
2/24/11	SALES	3700.00	130150.00
2/25/11	SALES	3650.00	133100.00
2/26/11	SALES	3800.00	136100.00
2/27/11	SALES	3750.00	139050.00
2/28/11	SALES	3900.00	142050.00
2/29/11	SALES	3850.00	145000.00
2/30/11	SALES	4000.00	148000.00
3/1/11	SALES	3950.00	151000.00
3/2/11	SALES	4100.00	154000.00
3/3/11	SALES	4050.00	157000.00
3/4/11	SALES	4200.00	160000.00
3/5/11	SALES	4150.00	163000.00
3/6/11	SALES	4300.00	166000.00
3/7/11	SALES	4250.00	169000.00
3/8/11	SALES	4400.00	172000.00
3/9/11	SALES	4350.00	175000.00
3/10/11	SALES	4500.00	178000.00
3/11/11	SALES	4450.00	181000.00
3/12/11	SALES	4600.00	184000.00
3/13/11	SALES	4550.00	187000.00
3/14/11	SALES	4700.00	190000.00
3/15/11	SALES	4650.00	193000.00
3/16/11	SALES	4800.00	196000.00
3/17/11	SALES	4750.00	199000.00
3/18/11	SALES	4900.00	202000.00
3/19/11	SALES	4850.00	205000.00
3/20/11	SALES	5000.00	208000.00
3/21/11	SALES	4950.00	211000.00
3/22/11	SALES	5100.00	214000.00
3/23/11	SALES	5050.00	217000.00
3/24/11	SALES	5200.00	220000.00
3/25/11	SALES	5150.00	223000.00
3/26/11	SALES	5300.00	226000.00
3/27/11	SALES	5250.00	229000.00
3/28/11	SALES	5400.00	232000.00
3/29/11	SALES	5350.00	235000.00
3/30/11	SALES	5500.00	238000.00
3/31/11	SALES	5450.00	241000.00
4/1/11	SALES	5600.00	244000.00
4/2/11	SALES	5550.00	247000.00
4/3/11	SALES	5700.00	250000.00
4/4/11	SALES	5650.00	253000.00
4/5/11	SALES	5800.00	256000.00
4/6/11	SALES	5750.00	259000.00
4/7/11	SALES	5900.00	262000.00
4/8/11	SALES	5850.00	265000.00
4/9/11	SALES	6000.00	268000.00
4/10/11	SALES	5950.00	271000.00
4/11/11	SALES	6100.00	274000.00
4/12/11	SALES	6050.00	277000.00
4/13/11	SALES	6200.00	280000.00
4/14/11	SALES	6150.00	283000.00
4/15/11	SALES	6300.00	286000.00
4/16/11	SALES	6250.00	289000.00
4/17/11	SALES	6400.00	292000.00
4/18/11	SALES	6350.00	295000.00
4/19/11	SALES	6500.00	298000.00
4/20/11	SALES	6450.00	301000.00
4/21/11	SALES	6600.00	304000.00
4/22/11	SALES	6550.00	307000.00
4/23/11	SALES	6700.00	310000.00
4/24/11	SALES	6650.00	313000.00
4/25/11	SALES	6800.00	316000.00
4/26/11	SALES	6750.00	319000.00
4/27/11	SALES	6900.00	322000.00
4/28/11	SALES	6850.00	325000.00
4/29/11	SALES	7000.00	328000.00
4/30/11	SALES	6950.00	331000.00
4/31/11	SALES	7100.00	334000.00
5/1/11	SALES	7050.00	337000.00
5/2/11	SALES	7200.00	340000.00
5/3/11	SALES	7150.00	343000.00
5/4/11	SALES	7300.00	346000.00
5/5/11	SALES	7250.00	349000.00
5/6/11	SALES	7400.00	352000.00
5/7/11	SALES	7350.00	355000.00
5/8/11	SALES	7500.00	358000.00
5/9/11	SALES	7450.00	361000.00
5/10/11	SALES	7600.00	364000.00
5/11/11	SALES	7550.00	367000.00
5/12/11	SALES	7700.00	370000.00
5/13/11	SALES	7650.00	373000.00
5/14/11	SALES	7800.00	376000.00
5/15/11	SALES	7750.00	379000.00
5/16/11	SALES	7900.00	382000.00
5/17/11	SALES	7850.00	385000.00
5/18/11	SALES	8000.00	388000.00
5/19/11	SALES	7950.00	391000.00
5/20/11	SALES	8100.00	394000.00
5/21/11	SALES	8050.00	397000.00
5/22/11	SALES	8200.00	400000.00
5/23/11	SALES	8150.00	403000.00
5/24/11	SALES	8300.00	406000.00
5/25/11	SALES	8250.00	409000.00
5/26/11	SALES	8400.00	412000.00
5/27/11	SALES	8350.00	415000.00
5/28/11	SALES	8500.00	418000.00
5/29/11	SALES	8450.00	421000.00
5/30/11	SALES	8600.00	424000.00
5/31/11	SALES	8550.00	427000.00
6/1/11	SALES	8700.00	430000.00
6/2/11	SALES	8650.00	433000.00
6/3/11	SALES	8800.00	436000.00
6/4/11	SALES	8750.00	439000.00
6/5/11	SALES	8900.00	442000.00
6/6/11	SALES	8850.00	445000.00
6/7/11	SALES	9000.00	448000.00
6/8/11	SALES	8950.00	451000.00
6/9/11	SALES	9100.00	454000.00
6/10/11	SALES	9050.00	457000.00
6/11/11	SALES	9200.00	460000.00
6/12/11	SALES	9150.00	463000.00
6/13/11	SALES	9300.00	466000.00
6/14/11	SALES	9250.00	469000.00
6/15/11	SALES	9400.00	472000.00
6/16/11	SALES	9350.00	475000.00
6/17/11	SALES	9500.00	478000.00
6/18/11	SALES	9450.00	481000.00
6/19/11	SALES	9600.00	484000.00
6/20/11	SALES	9550.00	487000.00
6/21/11	SALES	9700.00	490000.00
6/22/11	SALES	9650.00	493000.00
6/23/11	SALES	9800.00	496000.00
6/24/11	SALES	9750.00	499000.00
6/25/11	SALES	9900.00	502000.00
6/26/11	SALES	9850.00	505000.00
6/27/11	SALES	10000.00	508000.00
6/28/11	SALES	9950.00	511000.00
6/29/11	SALES	10100.00	514000.00
6/30/11	SALES	10050.00	517000.00
6/31/11	SALES	10200.00	520000.00
7/1/11	SALES	10150.00	523000.00
7/2/11	SALES	10300.00	526000.00
7/3/11	SALES	10250.00	529000.00
7/4/11	SALES	10400.00	532000.00
7/5/11	SALES	10350.00	535000.00
7/6/11	SALES	10500.00	538000.00
7/7/11	SALES	10450.00	541000.00
7/8/11	SALES	10600.00	544000.00
7/9/11	SALES	10550.00	547000.00
7/10/11	SALES	10700.00	550000.00
7/11/11	SALES	10650.00	553000.00
7/12/11	SALES	10800.00	556000.00
7/13/11	SALES	10750.00	559000.00
7/14/11	SALES	10900.00	562000.00
7/15/11	SALES	10850.00	565000.00
7/16/11	SALES	11000.00	568000.00
7/17/11	SALES	10950.00	571000.00
7/18/11	SALES	11100.00	574000.00
7/19/11	SALES	11050.00	577000.00
7/20/11	SALES	11200.00	580000.00
7/21/11	SALES	11150.00	583000.00
7/22/11	SALES	11300.00	586000.00
7/23/11	SALES	11250.00	589000.00
7/24/11	SALES	11400.00	592000.00
7/25/11	SALES	11350.00	595000.00
7/26/11	SALES	11500.00	598000.00
7/27/11	SALES	11450.00	601000.00
7/28/11	SALES	11600.00	604000.00
7/29/11	SALES	11550.00	607000.00
7/30/11	SALES	11700.00	610000.00
7/31/11	SALES	11650.00	613000.00
8/1/11	SALES	11800.00	616000.00
8/2/11	SALES	11750.00	619000.00
8/3/11	SALES	11900.00	622000.00
8/4/11	SALES	11850.00	625000.00
8/5/11	SALES	12000.00	628000.00
8/6/11	SALES	11950.00	631000.00
8/7/11	SALES	12100.00	634000.00
8/8/11	SALES	12050.00	637000.00
8/9/11	SALES	12200.00	640000.00
8/10/11	SALES	12150.00	643000.00
8/11/11	SALES	12300.00	646000.00
8/12/11	SALES	12250.00	649000.00
8/13/11	SALES	12400.0	

Investigation

- Also, on 3/24/15, Mr. Johnson received a check from the Village's payroll system for \$15,267.56.
- This check was not authorized.



Mr. Johnson used the proceeds to obtain a cashier's check for the balance of the vehicles purchase price.

Investigation

- Mr. Johnson purchased a 9,000 lb. overhead automotive lift with his Village issued credit card.
- The lift cost \$2,450.
- The lift was installed at his residence.



Investigation



Mr. Johnson used his Village issued credit card to purchase 5 trailers for personal use.

- One trailer on 1/4/13 from Rocks Trailer Sales, Inc. for \$7,143;
- One trailer on 6/6/14 from Custom Cabs and Trailers, Inc. for \$7,070;
- One trailer on 12/19/14 from Rocks Trailer Sales, Inc. for \$11,587;
- One trailer on 7/1/15 from Rocks Trailer Sales, Inc. for \$8,154;
- One trailer on 9/9/15 from Rocks Trailer Sales, Inc. for \$5,324.

Investigation



Investigation

- On 10/15/15, Mr. Johnson purchased a 40 foot Nuckle Boom and attachments with a Village check for \$8,645.
- The Village never had or used a Nuckle Boom.

Sales Receipt

Description	Qty	Rate	Amount
40 Ft Nuckle Boom		7,000.00	7,000.00
Quick Hitch		435.00	435.00
Discount		-50.00	-50.00
Tow Chain		200.00	200.00
Discount		-80.00	-80.00
Sever Sol.		1,600.00	1,600.00
Discount		-750.00	-750.00
Safety Lights		600.00	600.00
Discount		-300.00	-300.00

Handwritten notes on receipt: "we signed them as back end found for delivery and 10/12-15"

Investigation

- In early 2016, Mr. Johnson attempted to return or sell back the Nuckle Boom.
- Indicated the Village had purchased a newer and safer "boom" and he was moving so did not need it.
- The vendor declined to buy it back from Mr. Johnson; however, they would attempt to sell it for Mr. Johnson.
- Vendor sold the Nuckle Boom for \$4,000.
- Mr. Johnson received the \$4,000 check for the Nuckle Boom.



Johnson, Joe	4/15/2016
Four Thousand and 00/100	4,000.00
Johnson, Joe	
Nuckle Boom	

Investigation

- During our examination of reimbursements to Mr. Johnson, we identified a check for \$6,090.
- Support for check included another generic receipt from Mr. Johnson for a 8x12 storage shed and 2 watches.
- Mr. Johnson included the watch invoice from Meyer's Jewelers.

Investigation

- No detail provided on the shed he received reimbursement for.
- Watches were already paid by the Village by the Village credit card.

Investigation

- Mr. Johnson also used his Village issued credit card for a personal vacation during Christmas 2014.
- Mr. Johnson spent 4 nights at the Westin Cape Coral Resort as Mariana Villa in Cape Coral Florida.



Investigation



- Upon arriving at the resort, Mr. Johnson upgraded his room.
- The 4 night stay totaled \$1,468.

Audit Results

- Mr. Johnson received reimbursement payments totaling \$85,733 that were not for Village purposes and not supported by documentation or supported only by a check stub.
- Mr. Johnson also signed and issued 26 Village checks to vendors for personal or non-Village related expenditures totaling, \$78,844.
- Mr. Johnson was assigned six additional Verizon wireless telephone numbers during the Period, totaling \$5,989, and paid by the Village. We were unable to determine whether these additional telephone numbers were for Village purposes.

Audit Results

- Mr. Johnson spent \$228,420 on personal or other non-Village related transactions
 - An additional \$83,016 was unable to be determined as to whether the expense was for a Village related purpose.
 - Redeemed credit card points valued at \$3,731 for personal use – 2 Apple iPods, two video games, and gift cards to various vendors
- Mr. Johnson also charged \$17,130 for personal out of state travel and ethanol purchases on the Village's fleet fuel cards during the Period. Through an examination of Mr. Johnson's subpoenaed personal bank account charges, we were able to determine the out of state fuel purchases corresponded with Mr. Johnson's personal vacations. Ethanol fuel is used for high performance vehicles for which the Village did not maintain any such vehicles during the Period.

Audit Results

- Mr. Johnson was paid \$368,682 in excess of the Village approved annual compensation for the Period.
- Mr. Johnson's hourly rate of pay when hired as Village Administrator totaled \$28.85 per hour. Upon his resignation, Mr. Johnson was being paid \$47.65 per hour. We were unable to identify documentation to support the pay rate increase. During 2013, Mr. Johnson's additional unapproved compensation was identified within the payroll system as either "other", "advance" or "bonus" payments; all payments were taxed. However, we identified an instance in which Mr. Johnson issued an additional payment to himself for the amount of taxes calculated on one of those unapproved compensation payments.

Audit Results

- And then, beginning in 2014, Mr. Johnson started identifying his additional unapproved compensation as a miscellaneous income and therefore taxes were not being removed from the payments.
- On September 11, 2015, Mr. Johnson issued a \$16,702 payment to himself. The payment was unsupported; however, the check stub indicated Mr. Johnson had a family emergency and was cashing in 350 hours of his accrued sick leave. An investigation conducted by AOS determined Mr. Johnson purchased a 2015 Dodge Challenger on September 30, 2015 for \$16,414.

Audit Results



Audit Results

- In addition, the Village's Employee Manual states, "(e)mmployees who do not use any sick time within the year (November 30th to November 30th) may cash in 80 hours, with Village Administrator's approval." The Village did not maintain documentation supporting Mr. Johnson's accrued sick leave balance or whether Mr. Johnson used any sick leave during the year. All of Mr. Johnson's additional unapproved compensation was unsupported and lacked approval by Village Council

Audit Results

Total Fraud	
Checks to Mr. Johnson -	\$85,733
Checks to Vendors -	\$84,833
Credit Cards -	\$332,297
Payroll Payments -	<u>\$368,682</u>
Total	\$871,545
Secondary Liabile -	\$73,342
Total Finding to Mr. Johnson	\$944,887

PROSECUTION



Prosecution

July 13, 2016 – indicted by Madison County grand jury on 30 counts:

- Engaging in a Pattern of Corrupt Activity – 1 count
- Theft in Office – 22 counts
- Theft – 1 count
- Money Laundering – 2 counts
- Tampering with Records – 1 count
- Failure to file tax returns – 3 counts

Search Warrants

- July 19, 2016 – AOS w/ assistance from the Madison and Jackson County Sheriff's Office's, National Insurance Crime Bureau
- Mr. Johnson was arrested without incident.
- Items seized included:
 - Televisions
 - Washer & Dryer
 - Video Game System
 - Vehicles
 - Motorcycle
 - John Deere Tractor
 - iPad
 - Safe
 - Guns
 - Trailer



Search Warrant



- Property contained three buildings:
1. House & attached garage
 2. Detached garage
 3. Out-building / Storage barn



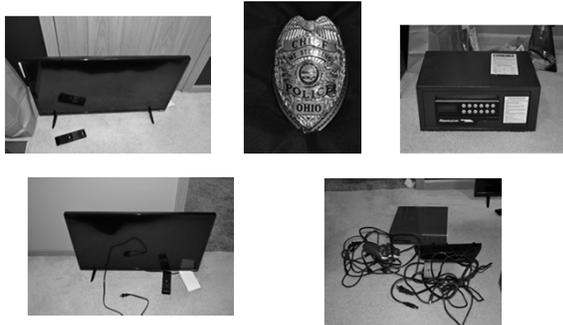
Search Warrant



Search Warrant



Search Warrant



Search Warrant



Search Warrant





Search Warrants

Madison Newsome Residence

- July 28, 2016 – AOS executed search warrant on a former Village employee's residence.
- Investigation identified Mr. Johnson purchased items with Village funds and provided to employee.
- Items seized included:
 - Television
 - Washer & Dryer
 - Sofa, Love Seat, & Ottoman
 - Dining room table & chairs
 - Safe
 - Vehicle

Search Warrants



Search Warrants



Search Warrants



Prosecution

August 23, 2016 – Informational Pretrial and Interview w/ Mr. Johnson



Prosecution

January 17, 2017 – Plea Deal – Guilty

- Engaging in a Pattern of Corrupt Activity – One count
- Theft – One count
- Theft in Office – 2 counts
- Money Laundering – 2 counts
- Tampering with Records – 1 count



Prosecution

March 6, 2017 – Sentencing

- 10 years in prison
- Ordered to pay \$724,239 in restitution
- Ordered to pay audit costs of up to \$43,460
- Forfeited all items and vehicles seized during the search warrant
- Forfeited home and property owned in Jackson, Ohio



Prosecution

- Scheduled for release on July 16, 2026.
- On March 30, 2017, Mr. Johnson appealed his sentence.
- His attorney removed himself as Mr. Johnson's counsel.
- His appeal was later withdrawn.



Additional Prosecutions / Charges



Additional Prosecutions

Vicki Sheets – Village "Fiscal Officer"

- Plead guilty to a falsification misdemeanor charge on March 17, 2017
- Sentenced to 180 days in jail
- Jail sentence suspended and put on one year probation
- Fined \$1,000
- 80 hours of community service, to be completed within 90 days
- Cannot hold a position of position of trust for one year
 - Ms. Sheets is employed as a fiscal officer for a local township and library.
 - On March 24, 2017, the judge modified the probation to allow Ms. Sheets to hold her current employment.



Additional Prosecutions

Bonnie Liff – Utilities Clerk and Administrative Assistant

- Indicted on April 17, 2017:
 - Two count of theft in office (F3)
- Plead Guilty on July 24, 2017:
 - One count of theft in office (F4)
 - Restitution of \$21,444 – from her PERS account, which was frozen during the investigation (part of the plea deal for dropping second theft in office charge)
- Sentenced on August 17, 2017:
 - 10 days in jail
 - 2 years probation
 - Restitution of \$21,444



Additional Prosecutions

Charles Neff, Mayor of Mt. Sterling

- Indicted on April 17, 2017:
 - Two counts of theft in office (F3)
 - One misdemeanor count of falsification (M1)
 - One misdemeanor count of dereliction of duty (M2)
- Jury convicted on August 16, 2017:
 - One count of theft in office (F3)
 - One misdemeanor count of falsification (M1)
 - One misdemeanor count of dereliction of duty (M2)
- Sentenced on December 4, 2017:
 - 30 days in Tri-County Regional Jail
 - 3 years probation
 - Restitution of \$9,350



Additional Charges

Tara Johnson – Mr. Johnson's Wife

- Sealed Indictment on January 11, 2017:
 - 4 counts of structuring (F4) – related to 4 checks just under \$10,000 Ms. Johnson cashed from her and Mr. Johnson's checking account in January 2016. During an interview with AOS, she admitted to cashing the checks at Mr. Johnson's direction, in order to avoid filling out the bank paper work.
- Charges were dismissed;
 - Ms. Johnson agreed to forfeit all items and vehicles seized during the search warrant executed on their residence;
 - Ms. Johnson agreed to forfeit the real estate property as partial restitution to the Village.



How Did This Happen



- Lack of Council oversight
 - Did not review expenditures
 - Did not ask questions or ask for support.
 - Did not require the fiscal officer to be present at Council meetings; rather the Village Administrator presented the financial information.
- Segregation of Duties / Internal Controls
 - Village Administrator took control the finances – “fiscal officer” was part-time and only at the Village 8-12 hours a week.
 - Village Administrator took control of the administrative duties – Village Council became legislative only through ordinance passed in 2014

How did this Happen?

VILLAGE OF MOUNT STEUBEN, BRUNSWICK COUNTY
Payment Voucher

TO: VILLAGE OF MOUNT STEUBEN	FROM: VILLAGE OF MOUNT STEUBEN	NUMBER: 482014
BY: VILLAGE OF MOUNT STEUBEN	DATE: 10/15/2014	

Item Description	Quantity	Unit Price	Subtotal
misc. credit card charges per bank statement	1.00	\$100,917.88	\$100,917.88

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How Did This Happen?

- Lack of written policies and procedures
- Lack of employee knowledge of proper policies / handbook guidance
- Intimidate, control, and create alliances by Village Administrator



**THE PUBLIC INTEGRITY
ASSURANCE TEAM**

88 East Broad Street
Columbus, Ohio 43215

Phone: (800) 282-0370
Email: contactus@ohioauditor.gov

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OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370
Email: ContactUs@OhioAuditor.gov
www.ohioauditor.gov

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