



Ohio Auditor of State Special Investigations Unit



Case Closing Memo

Case Name: City of Perrysburg
Case #: 2022-CA12967
Wood County/NW Region
Investigative Team: SFAM Reed, FAM Benson, Investigator Clark
Memo Date: 11/28/2023

Background: The Special Investigations Unit (SIU) was contacted by the Ohio Attorney General's office regarding a complaint they had received regarding the City Administrator, Bridgette Kabat, and her frequent use of a vendor, Nichols Paper and Supply Company, with CARES act funds for the City of Perrysburg (the City), in which her husband, James Kabat, is a sales representative. The complaint further alleges that Human Resource Manager for the City, Kelly Chalfant, was using her City laptop to work on her personal photography business during work hours. A separate complaint was received regarding the City declaring a sink hole left by Miller Pipe Line to be on private property to shift repairs to a private citizen.

On March 30, 2022, the Special Audit Task Force (SATF) determined to open a preliminary audit and investigation into the issues raised. This matter was subsequently elevated by SATF to a Special Audit 2 on February 22, 2023.

Work Performed: A subpoena was issued to the City for invoices, requisitions, purchase orders and all communication in relation to Nichols Paper and Supply Company. Based upon the review of the purchase orders, we discovered two instances where the Mayor and Council were bypassed by Ms. Kabat by her issuing multiple purchase orders split up to amounts less than \$25,000 each to Nichols Paper and Supply Company. Any purchase order over \$25,000 was required to go through Council and the Mayor. In addition, 15 out of 238 invoices reviewed referenced Mr. Kabat or "Jim" on the "ship to" line. As a result, the case was elevated to a Special Audit 2 and a subpoena to Nichols Paper and Supply Company regarding commissions paid to Mr. Kabat was issued.

The subpoena response from Nichols Paper and Supply Company indicated Mr. Kabat was paid a quarterly 2.5% bonus based upon the gross profit in his region for janitorial equipment sold. A report was included in a follow-up email on August 4, 2023, detailing the purchases of janitorial equipment to the City. There were six janitorial equipment items sold to the City resulting in \$55.10 of bonus earnings for Mr. Kabat from 2016 through 2021. Mr. Kabat was assigned to the City, as a salesman, for a period of approximately six weeks until Nichols was able to assign a different employee to the account. No commissions were paid to Mr. Kabat during this period. It should be noted Ms. Kabat resigned from the City on February 10, 2023. An SIU Attorney was consulted and based upon the dollar amount (\$55.10) and the time period Mr. Kabat was assigned to the City's account, no criminal or civil action was advised.

SIU requested information from the City in regard to Ms. Chalfant and the allegation that she was using City property to work on her personal photography business. The City's Law Director, Tim Effler, responded on October 20, 2023, and advised Ms. Chalfant used the photography software to work on City projects, such as issuing employee badges, on her city laptop. On two occasions, Ms. Chalfant was contracted to work on a project outside of her scope of employment with the City for the Police Department, which totaled \$700 in 2021. An SIU Attorney was consulted and based upon the following, no criminal or civil action was advised:

- no tracking software was installed on Ms. Chalfant's City laptop to show what she was working on;
- Ms. Chalfant was employed as a salaried worker; therefore, no theft of time case exists.

Based upon the sink hole being on an easement for public works and the City ultimately doing the repair work, SIU determined there were no additional steps to be taken.

Recommendation: Based on the above information, we recommend closing the Special Audit 2 with no Special Audit 2 report or findings for recovery being issued.

Respectively submitted,
 Jessica Benson, Forensic Audit Manager