

STATE OF OHIO  
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF  
INVESTIGATION



AGENCY: MONTGOMERY DEVELOPMENTAL CENTER  
OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES  
FILE ID NO.: 2012-CA00025  
DATE OF REPORT: FEBRUARY 22, 2013

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

*“Safeguarding integrity in state government”*

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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.



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RANDALL J. MEYER, INSPECTOR GENERAL

## REPORT OF INVESTIGATION

**FILE ID NUMBER:** 2012-CA00025

**SUBJECT NAME:** Doug Carter

**POSITION:** Business Administrator 3

**AGENCY:** Montgomery Developmental Center  
Ohio Department of Developmental Disabilities

**BASIS FOR INVESTIGATION:** Agency Referral

**ALLEGATIONS:** Theft in Office;  
Forgery;  
Failure to Exercise Adequate Oversight.

**INITIATED:** March 13, 2012

**DATE OF REPORT:** February 22, 2013

## **EXECUTIVE SUMMARY**

On March 12, 2012, the Ohio Department of Developmental Disabilities chief legal counsel notified the Office of the Ohio Inspector General and the Ohio State Highway Patrol of an alleged theft and forgery. Earlier the same day, the Credit Union of Ohio had contacted Montgomery Developmental Center (MDC) to question the validity of five MDC checks totaling \$25,824.12, each made payable to Doug Carter and deposited into Carter's personal bank account at the Credit Union of Ohio. Upon review of copies of the checks faxed by the Credit Union of Ohio, MDC Superintendent Nancy Banks and Operations Director Robert Dix recognized the name of the payee on the checks as Douglas Carter, the business administrator of MDC. Banks and Dix also determined the checks were not authorized, and while both of their names were signed as makers on the front of the checks, their signatures were not authentic.

The Ohio Department of Developmental Disabilities (ODODD) operates nine developmental centers providing developmentally disabled individuals and their families with specialized and intensive services in an effort to teach developmentally disabled residents the necessary skills to move to a less intensive setting. At each developmental center, bank accounts are maintained for residents' funds, and for the industrial and entertainment fund<sup>1</sup> used to pay for resident purchases, field trips, and other activities. These funds are overseen by the developmental center business administrator.

In April 2008, Doug Carter was promoted to a business administrator at the Warrensville Developmental Center located in Warrensville Heights, Ohio. On August 2, 2009, Carter transferred to the Montgomery Developmental Center located in Dayton, Ohio, and he continued to hold the title, business administrator. Carter was responsible for the day-to-day fiscal operations, was an authorized signatory on the bank accounts holding resident funds and donations deposited into the industrial and entertainment bank accounts for MDC. Carter's responsibilities also included cashing checks at the bank and reconciling the ledger activity with the bank account statements on a monthly basis.

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<sup>1</sup> As outlined in the Ohio Revised Code § 5119.36

This investigation reviewed checks issued payable to cash from the resident funds and the industrial and entertainment fund bank accounts from April 1, 2009, through August 31, 2009, at Warrensville Developmental Center, and from August 2, 2009, through March 12, 2012, at the Montgomery Developmental Center. From this investigative review, six checks were identified totaling \$4,516.50 issued from Warrensville Developmental Center payable to cash where Carter signed as an authorized maker, and also signed the second authorized maker's name, then endorsed and cashed each check for his personal use. In addition to the five unauthorized checks from the Montgomery Developmental Center totaling \$25,824.12, Carter also issued 133 checks totaling \$403,305.71 payable to cash from one bank account and two checks totaling \$6,290, payable to cash from a second bank account. For these 135 checks, Carter signed his name as an authorized maker, signed Robert Dix's name as the second maker, then endorsed and cashed the checks at the bank for his personal use. This investigation identified two primary methods used by Carter to conceal the issuance of these checks payable to cash involving the manipulation of QuickBooks, and various additional methods which were used on an infrequent basis.

In a July 9, 2012, interview conducted by the investigators,<sup>2</sup> Carter admitted to issuing checks to cash; signing both his name and signing Robert Dix's name on the checks as makers; and later endorsing and cashing the checks. Carter stated he deposited a portion of the cash into his personal bank account and spent the rest. This investigation confirmed Carter deposited some of the cash received into his personal bank account, and used some of the cash to purchase vehicles, jewelry, and cosmetic surgery services.

As Carter's supervisor, Operations Director Robert Dix was responsible for overseeing Carter's activities, ensuring monthly payments were sent to the Ohio Department of Developmental Disabilities, and ensuring bank account reconciliations were completed. This investigation determined that MDC's policies and procedures were outdated, MDC management did not compare bank account activity to QuickBooks ledgers used to record resident funds received and expended; and that Dix reviewed activity recorded in QuickBooks, but failed to review bank statements or canceled checks.

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<sup>2</sup> The investigation was conducted jointly by the Ohio State Highway Patrol and the Office of the Ohio Inspector General.

This investigation also determined the Ohio Department of Developmental Disabilities permitted each developmental center to write its own policies, did not verify each developmental center was sending a monthly remission of excess client funds as required by ODODD in its January 1, 2011, policy revision, and failed to monitor the developmental centers' compliance with internal policies and procedures as well as applicable state and federal laws.

Had MDC management reviewed bank statements, canceled checks, and compared the bank statement activity, and had ODODD checked to ensure the required funds were submitted on a monthly basis, Carter's illegal practices may have been caught as early as October 2009, significantly mitigating the risk of theft from the state of Ohio, and the developmentally disabled residents in their care. To strengthen internal controls and reduce the chance of theft in the future, this report of investigation contains recommendations relating to policies and procedures, safeguarding of developmental center residents' funds, strengthening ODODD and developmental center management oversight, and an increase in employee training. ODODD management is encouraged to establish a culture embracing a strict adherence to policy compliance and procedural practice.

Carter was placed on paid administrative leave March 12, 2012, and was terminated from employment on March 29, 2012. Dix was placed on paid administrative leave March 16, 2012, and was terminated from employment on April 13, 2012. The Office of the Ohio Inspector General and the Ohio State Highway Patrol worked cooperatively with the Montgomery County Prosecutor's Office during the course of the investigation. Doug Carter was indicted by a Montgomery County Grand Jury on February 22, 2013.