

David Palmer
The Watchdog
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February 10, 2005

Jonathon Coughlin
Disciplinary Counsel
Ohio Supreme Court

Re: Misconduct of Supreme Court Administrator Stephen Hollon

Dear Mr. Coughlin:

Below I will address the misconduct of Mr. Hollon, some of which may well be considered felonious. Due to the seriousness of Hollon's conduct, I am ethically compelled to forward this information to the appropriate law enforcement authorities; the US Attorney, IRS Fraud Division, Franklin County Prosecutor, Ohio Auditor and Ohio Attorney General. In order to limit any confusion, I will address these matters under separate headings.

Tax Evasion via Submission of False Income Claims

From 2000 to April 2002, Hollon drove a 1997 Grand Cherokee, which was previously assigned to Justice Resnick, and also had a state fuel card. Hollon lives in Lebanon, which is about 79 miles from the court and he used the Jeep to commute to and from the Court for about 2 years.

IRS Rules (Publication 15-B) treats commuting in an employer vehicle as taxable income. Hollon's personal tax liability pursuant to the IRS was based on the "Lease Value Rule." Approximately 92% of his Hollon's use of the Jeep was personal in nature. In accordance with IRS tax laws, Hollon's tax liability for 2001 is as follows:

1. Fair Market Value = \$19,000
2. Lease Value = \$5,350 + fuel of \$3,163.44 = total of \$8,513.44

Hollon's 2001 W-2 shows he claimed \$648 of income for personal use of the Jeep, which means he claimed that 92% was for official court business. Hollon's fuel records show that he commuted to the court about 184 times. At 156 miles trip, he drove 28,704 miles. In addition, fuel records establish that his personal use on weekends totaled at least another 6-8,000.

In 2001, Hollon purchased 2,176.86 gallons of fuel. At 18 mpg he would have driven 39,186 miles. For Hollon to declare to the IRS, State of Ohio and City of Columbus Fiscal Office that his personal use of a state car in 2001 was only 8% is patently false.

Hollon's true taxable income for 2001 was at least \$7,800 and not the \$648 he falsely declared. At a taxable rate of 30% his federal tax would have been \$2,340 and his City of Columbus tax

would have been \$156. Hollon's false income claim allowed him to pay federal taxes of \$194 and City taxes of \$12.96 on \$7,800 of personal income.

I do not have complete fuel records for 2000; however, from Aug. to Dec. he purchased 706.37 gallons of fuel for \$1,031.89. Based on this limited information his tax liability would have been \$7,452.00; however, his W-2 claims \$0.00 income for personal use of the Jeep.

From Jan. to April 2002, Hollon purchased \$908.09 in fuel. Lease Value Rule would add \$1532.00 for a total of \$2440.09, meaning his taxable income for personal use would be \$2,248. Hollon's 2002 W-2 shows he declared personal income of \$367.50, which means he claimed that 15% was personal use. Again, Hollon chose to give false income information to the IRS, et al.

Hollon's Superior Knowledge of Relevant Tax Laws

On Feb. 7, 2003, Hollon sent a memo to Chief Justice Moyer titled "Tax Consequences of Using an Employer-Provided Vehicle." Hollon begins by saying, "The purpose of this memorandum is to review the tax consequences of using an employer-provided vehicle. He then goes on to state:

1. A justice (Hollon) is required to include the value of any personal use of a court vehicle in his/her annual gross income for tax purposes
2. Use of a court vehicle to commute to or from court is considered personal use and must be included in the justice's (Hollon's) gross income
3. Simply stated, a justice's (Hollon's) personal use of a court vehicle is a taxable benefit
4. The Court (Administration/Fiscal Office) is required to include the value of any personal use of a Court vehicle on a Justice's (Hollon's) W-2 Form
5. You should be aware that reporting no or only minimal use of your assigned court vehicle may not be accepted by those authorities (tax agencies) without legitimate and detailed mileage logs
6. This issue (underreporting of taxable income) is now on the radar screen (e.g., the City of Columbus) and possibly others

On Feb. 17, 2004, Chuck Vollmer, Senior Audit Manager sent a "Summary of findings re: Mr. Palmer's letter of 1/10/04" to Jim Kennedy, Chief Auditor, which contained the following:

Betty Montgomery's Feb. 24, 2004 Management Letter under the heading "Reporting of Taxable Personal Use of State-Owned Vehicles" states in relevant part:

1. Title 26 of the United States Code requires an employer to annually report all wages and fringe benefits earned by its employees during the previous calendar year
2. The IRS holds that allowing personal use of a business vehicle constitutes a taxable benefit which must be reported on the employee's annual Form W-2

Mr. Hollon's letter of April 12, 2004 to Betty Montgomery makes the following admission at paragraph 7, "We (Hollon) are responsible for the Judiciary/Supreme Court of Ohio's compliance with laws and regulations applicable to it." Patently, IRS Rules for properly reporting and paying income taxes for personal use of a state car is something that Hollon was

responsible for. Given the fact that he earned \$119,000 in salary in 2002, which doesn't include the state car income, and given the fact he's a lawyer, ignorance of the law is not a valid defense.

Abuse involving use of Car/Fuel Card

Hollon's Jeep is EPA rated at 16 mpg city and 21 highway for an average of 18 mpg. The following table clearly demonstrates that Hollon engaged in a pattern of (1) pumping fuel into a personal vehicle and/or (2) purchasing fuel on his own to disguise his personal use of the Jeep.

To suggest that Hollon was only getting 12.5 mpg's from Dec. 2000 to Feb. 2001 is laughable. Even more absurd is his claim of getting 23.8 mpg's (almost double) in November 2001.

HOLLON, STEPHEN – 1997 GRAND CHEROKEE 16 CITY – 21 HIGHWAY = AVG. 18 MPG

Beg. Date	End Date	Mileage	Fuel	MPG
11-29-00	03-04-01	5,751	459.5 gals.	12.5
03-05-01	03-13-01	875	60.6 gals	14.4
03-14-01	04-17-01	4,698	201.8 gals	23.3
06-15-01	07-13-01	3,996	183.4 gals	21.8
10-08-01	11-02-01	3,547	174.9 gals	20.3
11-02-01	12-03-01	5,176	217.1 gals	23.8
01-03-02	01-30-02	2,829	137.1 gals	20.6

Use of Jeep or Fuel Card While Out-of-State

From Nov. 28 to Dec. 2, 2001, Hollon bought fuel at public expense in Jellico, TN, Spartanburg, SC, Saint Simons Island, GA and Asheville, NC. Given Hollon's past travel, I believe it is likely that his wife and children accompanied him. If they did, this would be a blatant violation of DAS and Supreme Court rules.

On March 5, 2002, Hollon bought fuel at state expense in Breezewood, PA and on the 7th did so in Waynesburg, PA. For these purchases to be legal, he had to be driving the State's Jeep.

Questionable Billing for Lodging

On March 5, 2001, Hollon submitted a bill to the State of Ohio for \$73.83 for lodging at The Inn at Honey Run in Millersburg for the 1st. The lodging receipt states under Billing Information, **CCard: VISA – Company: OHIO STATE BAR ASSOC**. Since the OSBA, which sponsored the conference paid the bill, Hollon wasn't entitled to be reimbursed for a bill he did not pay.

Illegal Billing for Family Travel

On Saturday, July 28, 2000, Hollon and his family drove from to Rapid City, Iowa so that Hollon could attend some kind of conference, which concluded on Aug. 4. Hollon billed the State of Ohio 2,454 miles and collected \$797.55 for this de facto family vacation.

When the conference concluded, Hollon decided to extend the family vacation by acting as follows:

1. Drove due South (not east to Ohio) to Golden, Colorado, which was 415 miles from Rapid City
2. He then billed the State \$106.23 for family lodging in Golden for the 4th
3. On the 5th he left Golden and headed for Columbia, Missouri
4. On the 5th he billed the State \$8.99 for a meal and \$85.57 for family lodging
5. The Hollon family arrived home in Lebanon on Sunday the 6th of August

On Aug. 14, 2000, Hollon signed the travel expense report for reimbursement of \$1,609.53 from the State twice, once for reimbursement and again as the approving Court agent. Put simply, Hollon was approving and authorizing his own scam. Is Ohio a great country or what?

Conclusion

Hollon's conduct as set forth above clearly demonstrates that he has total contempt for the oath he took to uphold Ohio law. Moreover, it is apparent that Hollon believes that Ohio's treasury is his personal piggybank, which he is free to utilize to unjustly and/or unlawfully enrich himself.

For Betty Montgomery or this Watchdog to seek relief from Hollon over the past several years to rectify the ongoing abuses involving luxury cars purchased for the justices, travel expense abuses by appellate judges, disciplinary counsel billing for booze, cigarettes, panty hose and the like, and per diem (wage) abuses by retired judges is the epitome of "singing to the ultimate choir."

There are many more examples of Hollon bilking the public out of thousands of dollars while traveling throughout the country under the guise that he is attending necessary court conferences, when in fact he is engaged in state-paid-for family excursions, etc.

To allow Hollon to continue to oversee the expenditure of a court budget exceeding \$100 million is an open invitation to more abuses and/or outright fraud. Defrauding the IRS, the State and Columbus by making false income claims regarding his personal use of a state vehicle demands that he be immediately discharged. His conduct in approving illegal policies allowing Moyer, Douglas, Pfeifer, Cook, Resnick, Stratton, J. Craig Wright and Sweeney to violate IRS reporting Rules since 1999 is even more deplorable. The hardworking taxpayers of Ohio deserve better.

Please provide me with a copy of Mr. Hollon's reply upon its receipt.

Sincerely,

David Palmer
The Watchdog