
COMMONWEALTH OF PENNSYLVANIA



**A SPECIAL INVESTIGATION OF
DALLAS SCHOOL DISTRICT
LUZERNE COUNTY, PENNSYLVANIA**

October 2010

JACK WAGNER, AUDITOR GENERAL

PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL



October 25, 2010

Bruce M. Goeringer, D.D.S.
President
Board of School Directors
Dallas School District
2000 Conynham Avenue
Dallas, Pennsylvania 18612

Dear Dr. Goeringer:

In March 2008, the Pennsylvania Department of the Auditor General's Office of Special Investigations received allegations of misuse and abuse of state funds at the Dallas School District ("DSD") in Luzerne County, Pennsylvania. This report contains the results of our investigation. The period under review was July 1, 2001, through February 28, 2009, unless otherwise specified.

During the course of our investigation, we found the following:

- John Wolensky, DSD's former Guidance Counselor and Athletic Director, misappropriated checks totaling \$55,829.98 from multiple sources and deposited them under forged endorsements into a checking account under his control and for his personal benefit;
- Wolensky also misappropriated cash totaling \$4,869 from DSD's Athletic Fund, which was intended for DSD student athletes to be used as meal money, but was used for his personal benefit; and
- Frank Galicki, DSD's current Superintendent of Schools, failed to exercise proper control over the High School Testing Account by allowing overcharges totaling \$52,245.50 to be realized on the administration of the Practice Scholastic Assessment Test and by failing to disclose to DSD's school board, parents, and test takers that they were participating in a fund raising event for the benefit of DSD's baseball team and Parent Teacher Student Organization.

On February 25, 2009, Mr. Wolensky pled guilty to a single count of theft by unlawful taking and made restitution to DSD in the amount of \$24,683. This amount was arrived at through negotiation with law enforcement and differs from the total amount of his misappropriation found during this investigation and discussed in this report. The

Court of Common Pleas of Luzerne County sentenced Mr. Wolensky to 24 months of probation and 100 hours of community service.

We urge DSD to use this report and the evidence discovered in our investigation to initiate all available civil remedies to collect from Mr. Wolensky the remaining misappropriated funds for which DSD has not yet received restitution. We also recommend that DSD implement all of the other recommendations made in this report. The Department of the Auditor General will follow-up at the appropriate time to determine whether our recommendations have been implemented. We note that, as stated in the attached Supplemental Response to Draft Report, the Board of School Directors immediately complied with our recommendation to discipline District Superintendent Galicki.

We are also forwarding copies of this report to the United States Attorney for the Middle District of Pennsylvania, the Luzerne County District Attorney, the Dallas Township Police Department, and the Internal Revenue Service for their review and whatever further action they may deem appropriate.

This report is a public document and its distribution is not limited. Additional copies may be obtained through the Department of the Auditor General's website, www.auditorgen.state.pa.us.

Sincerely,

/S/

JACK WAGNER
Auditor General

TABLE OF CONTENTS

Executive Summary	1
Background and Introduction	4
Findings:	
I. John Wolensky DSD’s former Guidance Counselor and Athletic Director, misappropriated checks totaling \$55,829.98 from multiple sources and deposited them under forged endorsements into a checking account under his control and for his personal benefit.	8
Conclusions and Recommendations	27
II. Wolensky also misappropriated cash totaling \$4,869 from DSD’s Athletic Fund, which was intended for DSD student athletes to be used as meal money, but was used for his personal benefit.	30
Conclusions and Recommendations	42
III. Frank Galicki, DSD’s current Superintendent of Schools, failed to exercise proper control over the High School Testing Account by allowing overcharges totaling \$52,245.50 to be realized on the administration of the Practice Scholastic Assessment Test and by failing to disclose to DSD’s school board, parents, and test takers that they were participating in a fund raising event for the benefit of DSD’s baseball team and Parent Teacher Student Organization	44
Conclusions and Recommendations	51
Dallas School District’s Response to Draft Report.....	53
Dallas School District’s Supplemental Response to Draft Report.....	60
Department of the Auditor General’s Comments on Dallas School District’s Response to Draft Report	62
Distribution List	63

EXECUTIVE SUMMARY

FINDINGS	RECOMMENDATIONS
<p><u>FINDING I:</u> John Wolensky DSD’s former Guidance Counselor and Athletic Director, misappropriated checks totaling \$55,829.98 from multiple sources and deposited them under forged endorsements into a checking account under his control and for his personal benefit.</p>	<p>We recommend that Dallas School District (“DSD”):</p> <ul style="list-style-type: none">▪ Initiate all available legal remedies to collect from Wolensky the remaining misappropriated funds for which DSD has not received restitution; and▪ Continue to abide by all of the recommendations set forth in the Bureau of School Audits report regarding student activity funds, which are as follows:<ul style="list-style-type: none">• Develop adequate controls, to include a periodic review of club transactions and balances. These controls must be adopted and maintained to provide assurance that student activity accounts are managed appropriately and to ensure there are no differences between DSD’s books and bank reconciliations. DSD must maintain adequate controls over segregation of duties;• Verify that general fund transactions are not run through any student activity fund;• Require two or more persons to sign checks for student activity fund payments. The principal should be one of those persons. The persons signing checks should require and maintain invoices or other evidence of obligation, properly approved by the treasurer or other officer of the student organization, faculty, advisor, and fund custodian by the use of pre-numbered purchase orders, before signing the check. No check should be signed until it is filled out completely, including the date, name of payee and amount;• The faculty advisor of each fundraising activity

	<p>must be accountable for each fundraiser and maintain consistent, detailed documentation regarding collections made from students, and the financial success of student fundraising activities; and</p> <ul style="list-style-type: none"> • The treasurer or custodian should submit a financial statement to the board quarterly or more often, at the direction of the board. • The Bureau followed up on DSD’s student activity reports for the 2008-09 school year and found that DSD did take corrective actions to address the lack of controls found in the prior audit, which had contributed to the misappropriations found in Finding I of this report.
<p><u>FINDING II:</u> Wolensky also misappropriated cash totaling \$4,869 from DSD’s Athletic Fund, which was intended for DSD student athletes to be used as meal money, but was used for personal benefit.</p>	<p>We recommend that DSD:</p> <ul style="list-style-type: none"> ▪ Initiate all available legal remedies to collect from Wolensky the misappropriated funds for which DSD has not received restitution; and ▪ Establish sufficient controls over funds disbursed from the Athletic Fund to provide cash to student athletes for meal money or revoke the policy of providing cash to student athletes and replace it with a policy of issuing preloaded debit cards to coaches to purchase meals for student athletes and coaches in accordance with DSD’s current policy. The preloaded cards would be returned at the conclusion of the contest to the Business Manager. Sufficient documentation should be provided by the coaches to justify all expenditures made with the cards. The documentation should be verified by two DSD employees.

<p><u>FINDING III:</u> Frank Galicki, DSD's current Superintendent of Schools, failed to exercise proper control over the High School Testing Account by allowing overcharges totaling \$52,245.50 to be realized on the administration of the Practice Scholastic Assessment Test and by failing to disclose to DSD's school board, parents, and test takers that they were participating in a fund raising event for the benefit of the DSD's baseball team and Parent Teacher Student Organization.</p>	<p>We recommend that DSD:</p> <ul style="list-style-type: none">▪ Amend DSD's Policy Statement 618 Special Purpose Funds to include the requirements that all fund raising activities must be approved by the Board and fully disclosed to parents and students to include what the funds will be used for;▪ Ensure that DSD administrators and employees follow all such practices; and▪ Take appropriate disciplinary action against Galicki.
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BACKGROUND AND INTRODUCTION

In March 2008, the Department of the Auditor General’s (“Department”) Office of Special Investigations (“OSI”) received allegations from the Department’s Bureau of School Audits (“Bureau”) that various check fraud schemes were being used to misappropriate funds from several accounts at the Dallas School District (“DSD”). The district’s headquarters are located at 2000 Conyngham Avenue, Dallas, Luzerne County, Pennsylvania 18612. The allegations resulted from information learned during the Bureau’s cyclical performance audit of the district about the actions of John Wolensky (“Wolensky”) and Frank Galicki (“Galicki”).

From 1997 through 2003, Wolensky was one of two high school guidance counselors, the head baseball coach, and the athletic director at DSD. From 2003 to his suspension in February 2008, Wolensky was a guidance counselor and the athletic director. From February 2, 2008 to November 3, 2008 Wolensky was suspended with pay. On November 4, 2008, Wolensky was suspended without pay due to the pending criminal case.

Prior to the Dallas Township Police Department filing of a criminal information on November 25, 2008, Wolensky made a retirement request on November 22, 2008, effective November 4, 2008. After Wolensky’s guilty plea on February 25, 2009, DSD’s school board terminated Wolensky on March 2, 2009.

Table 1 summarizes Wolensky’s positions with DSD during the period under review:

Table 1
Wolensky’s Positions at DSD, 1997-2008

POSITION	DATE
Guidance Counselor, Head Baseball Coach, and Athletic Director	1997 - 2003
Guidance Counselor and Athletic Director	2003 - 2008

Galicki was the principal of Dallas Senior High School from 1984 to 2004, and is currently the Superintendent of DSD. **Table 2** summarizes Galicki’s administrative positions with DSD during the period under review:

Table 2
Galicki's Administrative Positions at DSD, 1982-Present

Position	Effective Date
Assistant High School Principal	October 12, 1982
High School Principal	July 1, 1984
Acting Assistant Superintendent	August 31, 2004
Assistant Superintendent	December 1, 2004
Superintendent	May 24, 2005

This report contains the results of OSI's investigation. The period under review was July 1, 2001, through February 28, 2009, unless otherwise specified.

The details of the allegations were as follows:

- **Allegation No. 1:** Wolensky caused checks to be drawn on the Dallas Senior High School Activities Account (“Activities Account”) at Citizens Bank (and its predecessors) payable to the order of Dallas Baseball Boosters (“DBB”) and Princeton Review. These checks represented a portion of testing fee overcharges collected from students who registered to take the Practice Scholastic Assessment Test (“PSAT”) which was prepared and scored by Princeton Review. The Princeton Review would send the results to DSD’s guidance department, which would then provide the scores to the test takers. Wolensky then deposited the checks under forged endorsements into a checking account under his control by the name of “WVBL” (Wyoming Valley Baseball League) at Bank of America (and its predecessors).
- **Allegation No. 2:** Wolensky caused checks to be issued to himself from the Activities Account for “meal money” that was supposed to be distributed to DSD student athletes in cash. Wolensky then misappropriated the funds so disbursed.
- **Allegation No. 3:** Galicki failed to exercise proper control over the High School Testing Account, a sub-account within the Activities Account.

To address the allegations, OSI interviewed the following DSD employees:

- Superintendent Frank Galicki
- Business Manager
- The head coaches of the district’s girls’ softball, boys’ and girls’ track, boys’ and girls’ soccer, boys’ and girls’ volleyball, girls’ basketball, wrestling, cheerleading, boys’ basketball, and football teams
- An assistant boys’ basketball coach

- The Secretary of DSD's guidance and athletic departments
- DSD employees who sold tickets and who served as an announcer (who is also a substitute teacher) and a scorer at DSD interscholastic athletic events
- A DSD Administrative Assistant who prepared Requests for Payments for checks drawn on the Activities Account
- A DSD guidance counselor who worked with Wolensky

OSI did not participate in the interview of Wolensky, which was conducted by Dallas Township Police Chief Robert Jolley and State Police Trooper Charles Prula. Chief Jolley had requested the State Police's assistance in the investigation. OSI provided document analyses to these officers for their use during the interview.

OSI interviewed the following additional individuals:

- Representatives of the Bureau
- Chief Robert Jolley of the Dallas Township Police Department
- President of the Dallas Boys' basketball Booster Club
- President of the Dallas Gridiron Club
- The Secretary of WVBL
- DSD's former Assistant Baseball Coach
- The owner of a sporting goods store in Wilkes-Barre
- An officer of a trophy company in Larksville
- A Pennsylvania Interscholastic Athletic Association ("PIAA") basketball referee and soccer official
- Parents who accompanied the Dallas High School Baseball Team on trips to Old Dominion University, Norfolk, Virginia
- DSD's former High School Principal
- DSD's Solicitor

OSI reviewed the following documents:

- An audit report of the district prepared by the Gattuso Group, LLC, Certified Public Accountants and Consultants, dated February 14, 2005
- Records from the American Express Company relating to Wolensky's personal account
- Deposits to and disbursements from DSD's Athletic Fund
- Requests for payments submitted by Wolensky for checks drawn on DSD's testing account. This document shows the reason for the payment and requires two authorizing signatures
- A listing of deposits by date, amount, and source, for a checking account styled "WVBL" at Bank of America
- A listing of checks by date, check number, amount, and payee for a checking account styled "WBVL" at Bank of America (and its predecessors)

- Documents received from Galicki that were represented by him as being Dallas Senior High School Monthly Board reports for the period August 31, 2005, through August 31, 2007
- DSD Board minutes for the period January 3, 2005 through September 15, 2008
- Criminal docket in the Court of Common Pleas of Luzerne County relative to *Commonwealth of Pennsylvania v. John L. Wolensky*, which indicated:
 - Wolensky pled guilty to Theft By Unlawful Taking-Movable Property¹ on February 25, 2009;
 - Wolensky made restitution to DSD in the amount of \$24,683 on February 25, 2009.² This amount includes \$21,598 from checks made payable to the Dallas Baseball Boosters and the Princeton Review, \$1,585 from the sale of DSD football helmets, and \$1,500 from meal money intended for DSD student athletes; and
 - Wolensky was sentenced to 24 months probation and 100 hours of community service on March 26, 2009.

OSI's investigation resulted in the three findings set forth in this report.

¹ School district employees forfeit their pension benefits when they plead guilty to or are convicted of certain crimes enumerated in the Public School Employees' Retirement Code. However, theft by unlawful taking is not one of those crimes that result in pension forfeiture.

² This amount was arrived at through negotiation with law enforcement and differs from the total amount of his misappropriation found during this investigation and discussed in this report.

FINDINGS AND RECOMMENDATIONS

FINDING I: John Wolensky, DSD's former Guidance Counselor and Athletic Director misappropriated checks totaling \$55,829.98 from multiple sources and deposited them under forged endorsements into a checking account under his control and for his personal benefit.

The first allegation was that Wolensky caused checks to be drawn on the Dallas Senior High School Activities Account at Citizens Bank (and its predecessors) payable to the order of Dallas Baseball Boosters and Princeton Review. The checks represented a portion of testing fee overcharges collected from students who registered to take the PSAT. Wolensky then deposited the checks under forged endorsements into a checking account under his control by the name of "WVBL" at Bank of America (and its predecessors).³

In May 2008, Bureau staff provided the following information to OSI:

- In January 2008, the Bureau commenced its cyclical performance audit of DSD. During the course of the audit, audit staff learned of a possible fraud regarding DSD's student activity account.
- Audit staff was told that, sometime in 1997, Wolensky, a DSD guidance counselor and its Athletic Director, approached Galicki, who was the high school principal at the time, with the idea of using the PSAT as a fundraiser for the high school baseball team. Wolensky and Galicki agreed to charge students taking the PSAT more than the actual cost of administering the test and to use the excess fees collected to fund trips to Virginia for the high school baseball team.
- From 1997 through 2004, Wolensky caused checks to be issued from the Activities Account at United Penn Bank (later known as Mellon Bank and currently known as Citizens Bank) to Dallas Baseball Boosters. The total amount of these disbursements was \$26,551. Checks written to the DBB from the Activities Account are summarized in **Table 3**.

³ The initial allegation involved only the misappropriation of checks from the Activities Account made payable to WBB and Princeton Review. However, our investigation discovered evidence that Wolensky also misappropriated checks that were drawn on other accounts and that were made payable to other payees. In all cases, the method he used was to forge the endorsement of the payee of the check and then deposit the check into the WVBL checking account, an account that was under his control as Treasurer of WVBL and for which he had check signing authority.

Table 3
Checks Written To DBB from DSD Activities Account

DATE	CHECK NUMBER	AMOUNT
2-26-1997	2748	\$1,790
7-11-1997	3022	1,800
2-10-1999	3258	4,212
2-09-2000	3560	4,590
2-12-2001	3825	3,055
2-08-2002	4075	2,700
2-18-2003	5002	3,929
2-19-2004	0187	<u>4,475</u>
TOTAL		<u>\$26,551</u>

- Beginning in February 2005 and continuing through December 2007, Wolensky caused checks to be issued from the Activities Account to Princeton Review for the PSAT. The total amount of these disbursements was \$10,494.50. Checks written to Princeton Review from the Activities Account are summarized in **Table 4**.

Table 4
Checks Written To Princeton Review from DSD Activities Account

DATE	CHECK NUMBER	AMOUNT
02-14-2005	0528	\$2,429.00
02-14-2006	0967	2,208.00
12-12-2006	1218	2,932.50
12-10-2007	1508	<u>2,925.00</u>
TOTAL		<u>\$10,494.50</u>

- The Bureau provided copies of the checks written to DBB and Princeton Review. These checks were signed by Superintendent Galicki and an Administrative Assistant.
- The Bureau provided Requests for Payment corresponding to the checks in **Table 1** and **Table 2**. These documents indicated that the checks were requested by Wolensky, approved by Galicki, and reviewed by the Administrative Assistant.
- The Bureau provided a copy of an audit report prepared by Gattuso Group, LLC, Certified Public Accountants and Consultants, dated February 14, 2005. On page 20, under “High School Activities Fund,” the report states, in pertinent part:

The High School Fund includes a guidance testing balance that represents fees charged to students for taking practice tests (SATs, etc): there was approximately \$13,000 of testing fee income in fiscal 2004. Since this revenue is not a student fundraising activity, it should be recorded in the General Fund.

- The Bureau opined that the Gattuso Group's audit may have caused Wolensky to request that checks be made payable to Princeton Review rather than DBB.
- The Business Manager told the Bureau that, in January 2008, Dallas High School's current principal contacted Princeton Review to obtain student test scores. During this inquiry, he learned that Princeton Review no longer charged a fee for the administration and scoring of the PSAT. This fact was inconsistent with the Requests for Payment submitted by Wolensky asking for checks to be issued to Princeton Review. The current principal brought this to the attention of DSD's administration, and Galicki ordered DSD's Business Manager to conduct an investigation.
- During the Business Manager's investigation, Wolensky admitted taking the checks made payable to Princeton Review but not the checks made payable to the DBB. DSD suspended Wolensky with pay and referred the matter to the Dallas Township Police Department.
- On February 28, 2008, Galicki admitted to Bureau auditors that he and Wolensky agreed to use the PSAT as a fundraiser, as was proposed to him by Wolensky in 1997.

On March 5, 2008, OSI met with Chief Robert Jolley of the Dallas Township Police Department. During the course of the meeting, the agencies exchanged the following information:

- Jolley was in possession of the original bank statements for the checking account at Bank of America titled "WVBL, P.O. Box 2000, Dallas, PA 18612-0720" for the period ending January 31, 2008.
- OSI advised Chief Jolley that Galicki had summoned a Bureau auditor and DSD's Business Manager to his office to witness the opening of the envelope containing the WVBL bank statements due to the ongoing Bureau audit and DSD's investigation.
- Chief Jolley indicated that he was working on the affidavit in support of his application for a search warrant for accounts in the name of Wolensky and WVBL.
- Chief Jolley and OSI agreed to cooperate in the investigation.

On April 24, 2008, OSI interviewed DSD's Football Coach, who provided the following information:

- Several parents expressed concern about money that they had given to Wolensky to purchase their sons' football helmets at the conclusion of their senior year. The helmets cost DSD approximately \$150 to \$160 to replace, and that is what the players were charged.
- Players were allowed to purchase their team jerseys when DSD determined that they needed to be replaced. This opportunity arose after the 2007 season. The Dallas Gridiron Club gave Wolensky approximately \$500 for the old game jerseys, which were then given to the players.
- He expressed concern about payments given to Wolensky for a video system used to record and analyze games and to be shared by the football and basketball teams. The Dallas Gridiron Club provided \$500 for the purchase of the system.

On April 24, 2008, OSI interviewed DSD's Basketball Coach, who provided the following information:

- He also expressed concern about checks given to Wolensky by the Dallas Boy's Basketball Booster Club for the purchase of a video system to be used jointly by the football and basketball teams. The video system cost approximately \$4,000 and was manufactured by U.S. Sports Video.
- Wolensky expressed concern about the high cost of the video system and suggested the football and basketball booster clubs contribute toward the purchase. Accordingly, the Dallas Boys' Basketball Booster Club contributed \$500 to purchase the system. The club gave Wolensky two checks in the amount of \$250 each on separate occasions in 2007, because it did not have enough money to give DSD the \$500 at one time.

On May 1, 2008, OSI interviewed the President of the Dallas Gridiron Club, a football booster club, who provided the following information:

- Wolensky directed DGC on August 14, 2007, to make a \$500 check payable to "Dallas High School Athletics." This check was DGC's contribution to the purchase of the video system.
- Wolensky directed DGC on October 12, 2007, to make a \$75 check payable to "Dallas High School Athletics." This check was used to purchase a battery for the video system.

- Wolensky directed DGC on October 31, 2007, to make a \$435 check payable to “Dallas High School Athletic Dept.” This check was reimbursement to DSD for a “fan bus” for the district football playoff game at Berwick.
- Wolensky directed DGC on November 7, 2007, to make a \$325 check payable to “Dallas High School Athletics.” This check was for a team meal at a local restaurant before the district football playoff game at Berwick.
- Wolensky directed DGC on January 28, 2008, to make a \$500 check payable to “Dallas High School Athletic Dept.” Wolensky approached the DGC president about buying old football jerseys owned by DSD for the members of DSD’s football team because the jerseys no longer met PIAA regulations. DGC made an offer of \$300 for the jerseys, but Wolensky maintained DSD’s replacement cost for the jerseys was \$500 and DSD needed that amount. The DGC made the payment, which was deposited into the WVBL account on January 30, 2008.

On May 9, 2008, OSI interviewed a parent whose son played on the Dallas High School Football Team. This parent provided the following information:

- DSD had a policy that allowed senior football players to purchase their helmets. This parent purchased her son’s helmet as a Christmas gift in 2004.
- The parent provided a copy of a check dated December 1, 2004, made payable to “Dallas School District” in the amount of \$125. The memo section of the check is noted “[student’s name] helmet”.

On May 15, 2008, OSI interviewed an Athletic/Guidance Secretary employed by DSD, who provided the following information:

- She has been employed by DSD since 1994. From 1994 to 1996, she was employed part-time as a secretary in the DSD Athletic Office. In 1996, she became a full-time DSD employee working in the DSD Guidance Department in the morning and in the DSD Athletic Office in the afternoon. From 1998 to 2008, she worked for Wolensky in the Athletic and Guidance Departments.
- DSD senior football players were allowed to purchase their helmets. At the end of the football season, Wolensky would call senior football players to his guidance office to find out if they wanted to buy their helmets. If a senior football player was interested in buying his helmet, Wolensky directed him to bring a check or cash to the guidance office. Either the Secretary or Wolensky would accept the check or cash for the helmet. If she received the check or cash, she would give it to Wolensky on the same day she received it. Approximately five players bought their helmets after the 2007 season, and no more than ten players bought their helmets in any year. Football is the only sport where athletes can buy DSD equipment.

- She recalled receiving \$125 in cash from a senior football player at the end of the 2007 football season. She gave Wolensky the cash on the same day that she received it.
- She sold tickets at various DSD sports events. Wolensky prepared a cash box that included game reports, tickets, and \$200 in cash, which was given to the ticket sellers. The cash boxes were normally returned to Wolensky at half-time of the event. Game officials were paid by check at the conclusion of the event. Ticket sellers were paid once by check at the end of a sporting event season. No cash was kept in the athletic office, because numerous people had keys to the office. Gate receipts from athletic events and game reports were given to DSD's business office.
- With regard to the PSAT, Wolensky would discuss with members of the DSD Guidance Department the costs associated with the purchase and administration of the test. Wolensky would then arrive at the cost to be assessed to students taking the test.
- Students would bring their applications for the PSAT into the guidance office along with the fee required by Wolensky. A log was prepared listing each student's name who was taking the test, and copies of the checks that they submitted were made.
- She was familiar with WVBL because Wolensky was treasurer⁴ of the organization. In that capacity, Wolensky was responsible for preparing WVBL reports and schedules. Superintendent Galicki was president of the WVBL. Similar organizations exist for all other interscholastic athletic teams in the Wyoming Valley.
- Bank statements for the WVBL account were delivered to the DSD Athletic Office. Wolensky and Galicki were the signatories on the account.

On May 20, 2008, OSI interviewed the Secretary of the Wyoming Valley Baseball League, who provided the following information:

- WVBL has been in existence since the 1920s or 1930s. He has been in his position since 1999; in that capacity, he is responsible for recording the minutes of meetings.
- In addition to Secretary, he is the WVBL's softball commissioner. In this capacity, he is responsible for establishing schedules and assigning officials. All WVBL commissioners receive a yearly \$1,500 stipend.

⁴ We found that Wolensky was the treasurer of WVBL, but someone else was the secretary.

- Since February 2008, he has been the boys’ baseball commissioner, having assumed this position after Wolensky was suspended by DSD. Wolensky was the treasurer of WVBL and Galicki is the president. Only Wolensky had the authority to sign checks.
- All schools in WVBL pay dues as listed in **Table 5**:

Table 5
WVBL Dues

TEAM	YEARLY AMOUNT
Senior High Baseball	\$150
Senior High Softball	\$150
Junior High Baseball	\$100
Junior High Softball	\$100

- A small amount of income is generated from tournament play each year.
- In addition to providing the stipend expense, WVBL hosts two luncheons for officers and commissioners in March and December of each year. These events are held at two different restaurants in Wilkes-Barre. Winning teams are awarded trophies that are normally purchased at a trophy company.

On May 22, 2008, OSI interviewed the 2007 President of the Dallas Basketball Booster Club (“DBBC”), who provided the following information:

- DBBC sent the DSD boys’ basketball team to a Penn State men’s basketball game on December 23, 2007, using a local bus company. Wolensky advised DBBC that DSD would contract with the bus company, thereby affording DBBC a more favorable rate and avoiding the payment of sales tax.
- DBBC paid a \$200 deposit for this trip via check number 394 payable to “Dallas H.S. Athletics” and mailed to Wolensky on November 3, 2007.
- DBBC paid the remaining \$600 for this trip via check number 397 payable to “DHS Athletics” and given to Wolensky in the DSD guidance office by the representative’s son on December 4, 2007.
- The DSD football and basketball coaches wanted to purchase a video system, which according to Wolensky was too costly for the DSD. Wolensky suggested that each team’s booster club contribute to the cost of the system. The DBBC made a \$500 contribution to this purchase in the form of two \$250 checks, number 402 dated January 7, 2008, and number 406 dated January 29, 2008.

On May 27, 2008, OSI interviewed a Former Assistant Baseball Coach, who provided the following information:

- From 1992 to 1997, the baseball team would travel to Old Dominion University in Norfolk, Virginia, every March to play Virginia high school baseball teams. This trip would occur between March 5th and March 25th and would be a “four day weekend” with the team playing five games in four days. Wolensky knew someone at Old Dominion University, and one of the games was played at Old Dominion’s field.
- The cost of the trip ranged from \$5,000 to \$7,000, and the cost was borne by the DSD and the DBB. Typically, 15 to 16 players would make the trip to Virginia in either a bus or vans driven by the coaches or parents. The team, coaches, and parents would stay in a hotel and were given meal money. The players, coaches, and parents would eat one meal together, at a cost of approximately \$600.
- The PSAT was generally known as a fundraising event at the Dallas High School.⁵ The test was advertised in the school. It was very popular, with 150 students taking the test, and it would fill up quickly. He recalled the cost of the test being \$7 to \$10 during the late 1990s.

OSI analyzed the disbursements from the WVBL checking account during the period July 1, 2001, through February 29, 2008, which totaled \$118,707.60. These records were seized by Chief Jolley pursuant to a search warrant served on Bank of America. Checks which corroborate the statements made by the WVBL Secretary and questionable disbursements (American Express and Cash) are summarized below in **Table 6:**

⁵ This assertion is contradicted by other DSD personnel who were not aware that the PSAT was used as a “fundraising event.”

Table 6
*Selected Disbursements from WVBL Checking Account,
 July 1, 2001 – February 29, 2008*

PAYEE	TOTAL
American Express	\$ 5,800.00
Cash	73,441.00
Sporting Goods Store	5,512.50
Wilkes-Barre Restaurant	4,143.73
Trophy Company	3,894.32
Wilkes-Barre Restaurant	1,008.10
Secretary of WVBL	19,950.00

Table 4 shows that WVBL checks were used to pay the expenses of WVBL as described by its Secretary. It also shows a large amount of cash was withdrawn from the account, at least part of which Wolensky admitting to taking. It also shows a questionable disbursement to American Express.

On July 14, 2008, OSI received the following records from American Express:

- Duplicate copies of American Express Personal Card Statements of Account for a joint account in the name of Wolensky and his wife, for the period January 29, 2006, through January 28, 2007.
- Evidence of payments made on this account, including a remittance in the amount of \$5,800 applied to this account on May 24, 2006. This remittance bore the account number for the WVBL checking account at Bank of America.
- A review of the charges to Wolensky's American Express account immediately preceding and corresponding to the May 24, 2006, payment of \$5,800 from the WVBL account is summarized in **Table 7**.

Table 7
Charges to Wolensky's American Express Account
Corresponding to \$5,800 Payment from WVBL Account

DATE	VENDOR	AMOUNT
4/13/06	Schooner Wharf, Key West, FL	\$ 109.46
4/13/06	Hogs Breath Salon, Key West, FL	37.00
4/14/06	Sloppy Joes Bar, Key West, FL	475.00
4/17/06	Key West Hand Print	61.25
4/17/06	Kermits Key West Keyland	43.45
4/18/06	Ocean Key House Resort, Key West, FL	40.85
4/18/06	Ocean Key House Resort, Key West, FL	5,073.64
	TOTAL	\$5,840.65

- OSI contacted the manager of the Ocean Key House Resort in Key West, Florida. The manager was familiar with Wolensky's name because Wolensky was a frequent guest at the Ocean Key House Resort.
- OSI determined through DSD that Wolensky used a personal day on April 11, 2006. DSD's school calendar listed April 13, 2006, through April 21, 2006, as spring break.
- The charges incurred on Wolensky's American Express account are for a Florida vacation and were paid with a WVBL check.

On June 16, 2008, OSI interviewed a representative of a sporting goods store in Wilkes-Barre, PA and provided him with a list of checks drawn on the WVBL checking account and made payable to the store. These checks are summarized in **Table 8**:

Table 8
WVBL Checks Issued To Wilkes-Barre Sporting Goods Store

CHECK DATE	CHECK NUMBER	AMOUNT
4/5/2004	1052	\$1,510.50
6/4/2004	1064	990.00
4/6/2005	1079	1,448.00
4/20/2006	1090	<u>1,564.00</u>
TOTAL		\$5,512.50

During a review of the list of checks, the representative stated the following:

- The \$1,510.50 check was payment in full for 53 “Oxford Hoods” and 53 “Mock T’s.” The invoice supporting this purchase is dated March 24, 2004, and is titled “Dallas Baseball.” The name and telephone number associated with the invoice is that of DSD’s Junior High School Baseball Coach. This purchase is part of a quote given to “Dallas H S Baseball” dated March 25, 2004.
- The \$990 check was payment in full for 18 “Rally Jackets.” The invoice supporting this purchase is dated May 19, 2004, and is titled “Dallas Baseball.”
- The \$1,448 check was payment for 47 “Long Sleeve Navy T’s” and 41 “Easton Game Day Pullovers.” The invoice supporting this purchase is dated April 6, 2005, and is titled “Dallas Baseball.” This purchase is reflected on a quote given to “Dallas H S Baseball” dated March 19, 2005.
- The \$1,564 check was payment for 41 “Velocity Hooded Sweat Shirts” and 50 “Long Sleeve Navy T’s.” The invoice supporting this purchase is dated April 6, 2005, and is titled “Dallas Baseball.” The name and telephone number associated with the invoice is that of a DSD junior high baseball coach. This purchase is reflected on a quote given to “Dallas H S Baseball” dated March 20, 2006.
- It was his understanding that DSD junior high baseball players gave money to either DSD or WVBL to make the purchases described above.
- Wolensky never tendered cash for any purchases.

On June 16, 2008, OSI interviewed a representative of a Larksville, Pennsylvania trophy company, who provided the following information:

- She produced invoices corresponding to the checks drawn on the WVBL checking account listed in **Table 9**, which are described below.

Table 9
WVBL Checks Issued To Trophy Company

CHECK DATE	CHECK NUMBER	AMOUNT
9/25/2001	1002	\$ 585.12
9/24/2002	1027	292.56
9/15/2003	1043	585.12
9/09/2004	1067	585.00
10/02/2005	1081	585.12
9/21/2006	1095	491.84
11/16/2007	1202	477.00
TOTAL		\$3,601.76

- An invoice for four baseball and four softball trophies for “Wyo Valley Baseball Conf” dated July 27, 2001, in the amount of \$585.12 and paid by check number 1002. The invoice has Wolensky’s name on it meaning it was directed to him for payment.
- An invoice for four trophies for “Wyoming Valley Softball Conference” dated September 2002 in the amount of \$292.56 and paid by check number 1027. The invoice has Wolensky’s name on it.
- An invoice for eight trophies for “Wyoming Valley Baseball & Softball Conference” dated August 26, 2003, in the amount of \$585.12 and paid by check number 1043. The invoice has Wolensky’s name on it.
- An invoice for eight trophies for “WVC Baseball/Softball” dated August 4, 2004, in the amount of \$585.12 and paid by check number 1067. The invoice has Wolensky’s name on it.
- An invoice for eight trophies for “Wyoming Valley Baseball & Softball Conference” dated August 31, 2005, in the amount of \$585.12 and paid by check number 1081. The invoice has Wolensky’s name on it.
- An invoice for eight trophies for “Wyoming Valley Conference Baseball/Softball Conference” dated September 13, 2006, in the amount of \$491.84 and paid by check number 1095. The invoice has Wolensky’s name on it.
- An invoice for six trophies for “W.V. Baseball/Softball Conference” dated October 22, 2007, in the amount of \$477 and paid by check number 1202. The invoice has Wolensky’s name on it.
- The above invoices represent all of the business that the trophy company did with WVBL during the period 2001 through 2007. Wolensky always paid for trophies by check and never tendered cash for any purchase.

On June 19, 2008, OSI interviewed a PIAA basketball and soccer official. OSI advised the official that checks made payable to him from the Dallas School District Athletic Fund had been deposited into an account styled WVBL at the Bank of America on May 10 and June 12, 2006. The amounts of the checks were \$70 and \$58, respectively. The official provided the following information:

- The official checked a calendar book for 2006 and determined the following:

- He refereed a girl's basketball playoff game at the Dallas High School on February 23, 2006, with two other officials known to him. The contestants in this game were Dallas and Tunkhannock.
- He refereed a girl's District 2 soccer playoff game at College Misericordia on May 26, 2006, with two other officials known to him. He could not recall who the contestants were in this game.
- When asked if he recalled receiving the checks drawn on the Dallas School District Athletic Fund and referred to above, he responded that it was his recollection that the payments for playoff games came through the PIAA.
- When asked if he ever received a check from Wolensky that was exchanged for cash, the official responded that he never received a check from Wolensky directly. The checks were always mailed to him, and he negotiated the checks at his bank.
- Officials typically completed a form that included a place for their name, telephone number, and address. The form was given to them by the school hosting the athletic event. The check would then be mailed to them.
- When asked how checks made payable to him and apparently bearing his endorsement ended up in the WVBL checking account, he stated that he did not make the endorsements on the checks. At that time, the official offered an example of his handwriting.

On July 2, 2008, OSI interviewed the father of a DSD student athlete, who provided the following information:

- His son played football, basketball, and baseball for Dallas High School from 1992 to 1996 when he graduated.
- During the period 1992 through 1996, the father assisted with a group that acted as a booster club for the Dallas baseball team. There was no formal baseball booster club with officers, meeting, records, or bank accounts. The group consisted of parents who had children playing baseball at the Dallas High School.
- This ad hoc group raised money for the Dallas baseball team by holding clinics for children involved in little league baseball in the Dallas High School gymnasium and possibly by selling candy.
- The money earned from the baseball clinic was used to purchase awards (trophies and pins) for the players and to finance trips to Old Dominion University, where the team would play several Virginia high schools in March. He believed that DSD also provided funds for these trips.

- He believed that the Dallas baseball team rode to Virginia in two vans that Wolensky procured from a vendor, but the father did not know the name of the vendor.
- Two parent chaperones, approximately 15 members of the Dallas baseball team, and three coaches stayed in a motel in the vicinity of Old Dominion University. He could not recall the name of the motel, and he assumed that Wolensky paid for the rooms for the coaches and players. He believed that he gave Wolensky cash for his room at the motel.
- He purchased his own meals during the Virginia trip, and Wolensky paid for his son's meals. He assumed that Wolensky paid for the meals for the remaining members of the baseball team and the coaches. He recalled having a meal with the team and coaches at a steak house.
- The baseball team did not have banquets, but DSD did have an athletic banquet to recognize all student athletes each year.
- As a member of the Dallas Gridiron Club, he knew that senior football players could purchase their helmets from the DSD, but his son did not buy his helmet.
- He did not believe that members of the baseball team received meal money for away games. The football team may have received meal money because it normally participated in playoff games.

On July 2, 2008, OSI interviewed another father of a DSD student athlete, who provided the following information:

- His son played football, basketball, and baseball for Dallas High School from 1992 to 1996 when he graduated.
- During the period 1992 through 1996, he assisted with a group that acted as a booster club for the Dallas baseball team. The group did not have a bank account or records and held no formal meetings.
- The group raised money for the Dallas baseball team by holding clinics for children involved in little league baseball in the Dallas High School gymnasium prior to the start of baseball season practice. Participants paid between \$15 and \$20 to participate in either a morning or afternoon session. Approximately 50 to 60 participants would rotate through various "stations" manned by Dallas High School baseball players. Wolensky took possession of the revenue generated by the clinic, which was a mixture of cash and checks.

- The money earned from the baseball clinic was used to finance trips to Old Dominion University, where the Dallas baseball team would play several Virginia high schools in March.
- He was not involved in the arrangements for the trip, but he believed that the Dallas baseball team arrived via a chartered bus. He purchased his own meals, paid his room rent during the Virginia trip, and stayed at the same motel as the team. He could not recall the name of the motel.

On July 16, 2008, OSI interviewed a Dallas High School Secretary, who provided the following information:

- She is employed by the DSD at the high school as a secretary. She also collects tickets at DSD home football and basketball games and serves as a scorer at DSD home track and field meets.
- She was always paid by checks drawn on a DSD checking account for collecting tickets and scoring track and field meets. The checks were given to her at the end of each season, and she cashed them at her bank.
- Wolensky would pay her with cash if the event she was working at was a PIAA event.
- OSI advised her that a \$50 check made payable to her by the Bishop Hoban High School was deposited into an account styled WVBL at the Bank of America on April 27, 2004. The employee stated that she was not familiar with WVBL, and she could not explain why the check was deposited into an account bearing that name.
- Luzerne County Catholic Schools use the DSD track for events when their facilities were not usable. This occurred in 2008 and she scored the event. She believed that the Catholic school paid her for scoring the event by check.
- She never exchanged a check with Wolensky for cash. She did not know Wolensky to be a person to whom a person could go to exchange a check for cash.

On July 18, 2008, OSI interviewed a DSD Substitute Teacher, who provided the following information:

- She was employed by DSD as a substitute teacher, she coached DSD's girl's junior high basketball team, and she currently serves as an announcer at DSD home track and field meets.
- She was always paid by checks drawn on a DSD checking account for announcing DSD track and field meets. Through 2004, DSD paid her \$35 to

\$70 per meet, depending on how many teams were involved in the meet. During 2005 and 2006, she was paid \$50 per meet. In 2007 and 2008, she received \$60 per meet. She was paid with one check for all meets worked after the conclusion of the track season.

- OSI advised her that a \$50 check made payable to her by the Bishop Hoban High School was deposited into an account styled WVBL at the Bank of America on April 27, 2004. She stated that she was not familiar with WVBL, and she could not explain why the check was deposited into an account bearing that name.
- Bishop Hoban High School used the DSD track for events when their facilities were not usable. This occurred in 2008, and she announced the event. She believed that Bishop Hoban paid her for announcing the event by check this year.
- She never exchanged a check with Wolensky for cash.

On August 22, 2008, OSI interviewed another DSD employee, who provided the following information:

- In 1982, she was Galicki's secretary when he was an assistant high school principal.
- She was Galicki's secretary during the period July 2001 through August 2004 when he became acting superintendent. She is currently an administrative assistant.
- DSD students would pay for the PSAT around Thanksgiving of each year. These payments were received by DSD Guidance Department personnel, including Wolensky, and were deposited into the DSD Activities Account. From these funds, payments were made to Princeton Review for the tests and to the proctors. A portion of the remaining balance in the account would be paid to the DBB and the DHS Parent Teacher Student Organization ("PTSO"). She learned in 2008 that Princeton Review was not charging for the tests.
- She would receive a note from Wolensky requesting that a check be issued from the DSD Activities Account for the reasons listed above. She would prepare a Request for Payment form based on the notes received from Wolensky. These forms included a reason for the disbursement. She and Galicki would always sign these forms. On occasion, she would ask Wolensky if he had an invoice for an expense. Wolensky would respond in the affirmative, but he never produced the invoice.
- She would prepare the check to be drawn on the DSD Activities Account based on the Request for Payment form and sign her name on the check. She would then submit the form and the check to Galicki (when he was principal

from 1982-1984) for his signature. After Galicki signed the check, it would be returned to the requestor, typically Wolensky. She stated that Galicki never questioned the payments being made to the DBB and the PTSO.

- Checks issued to the PTSO were used to make scholarship payments to DSD's valedictorian and salutatorian.

On September 10, 2008, OSI interviewed another DSD employee, who provided the following information:

- She is a guidance counselor at the high school. Prior to becoming a guidance counselor, she was a DSD health and physical education teacher and Wolensky was a guidance counselor in the middle school.
- When they came to the high school as guidance counselors, there was no monetary award for the valedictorian and salutatorian. Wolensky independently came up with the idea of generating a profit from the administration of the PSAT. This profit was to be used for scholarships for the valedictorian and salutatorian and to support the baseball team.
- She never handled any money associated with the administration of the PSAT. She did proctor the test and was paid by a check drawn on the Activities Account.
- Each year, Wolensky would give her a check drawn on the Activities Account to be used as scholarships for the valedictorian and salutatorian. She would give this check to the PTSO Steering Committee during its monthly meeting.⁶
- She confirmed through PTSO's outgoing treasurer that these checks were deposited into PTSO's account.
- She provided OSI with a document titled "Dallas High School PTSO Treasurer's Report Annual Summary" for the school years 2003-2004, 2004-2005, 2005-2006, and 2006-2007. Under "Scholarships," the document indicates PSAT income of \$2,000 per year in all school years except 2007-08. The lack of PSAT income in the 2007-08 school year is due to the discovery of the PSAT profit-making scheme.

Based on the evidence summarized above, OSI prepared an analysis of deposits made to the WVBL checking account during the period July 11, 2001, through March 3, 2008, which totaled \$128,380.61.⁷ This analysis shows that checks made payable to other entities and individuals totaling \$55,829.98 were improperly

⁶ See Finding III, Table 22.

⁷ The deposit records were seized by Chief Jolley pursuant to a search warrant served on Bank of America. We provided our analysis to Chief Jolley.

deposited into the WVBL checking account under forged endorsements and pursuant to very lax and questionable procedures by employees of Bank of America.⁸ The deposited checks included:

- Checks issued from the Activities Account and made payable to the DBB;
- Checks issued from the Activities Account and made payable to Princeton Review;
- Checks issued from the Dallas Gridiron Club account and made payable to Dallas High School Athletics;
- Checks issued by parents for the purchase of football helmets belonging to DSD;
- Checks issued from the Dallas Basketball Booster Club account and made payable to Dallas High School Athletics;
- Checks issued from the Dallas School District Athletic Fund and made payable to interscholastic athletic event officials, timers, and scorers; and
- Checks that appear to be the property of the DSD on their face.

A schedule of these improper deposits to the WVBL checking account, by payor, payee, and aggregate amount, totaling \$55,829.98, is set forth in **Table 10**:

⁸ Wolensky placed false endorsements on checks drawn on the DSD testing account and made payable to Princeton Review. He also placed false endorsements on checks drawn on the DSD athletic fund that were made payable to interscholastic athletic events officials, timers, and scorers. Wolensky directed the DBBC and the DGC to make checks payable to Dallas High School Athletics and placed this endorsement on these checks. All of said checks were accepted for deposit into the WVBL checking account by Bank of America.

Table 10
Improper Deposits to WVBL Checking Account

PAYOR	PAYEE	TOTAL
All American Publishing	Dallas High School	\$ 1,751.50
Bishop Hoban High School	Dallas Athletic Department and employees	200.00
Dallas Basketball Boosters	Dallas High School Athletics	1,300.00
Dallas Gridiron Club	Dallas High school Athletics	3,147.00
Dallas School District	Princeton Review	10,494.50
Dallas School District Athletic Fund	Checks made payable to individuals for officiating games	4,777.00
Dallas School District	DBB	11,104.00
Lake Lehman School District	Dallas High School Athletics	200.00
Nanticoke Area School District	Dallas Athletic Department and Dallas Boy's Volleyball Booster Club	330.00
Northwest Area School District	Dallas High School Athletics and Dallas Middle School	529.00
PIAA District 2	Dallas High School	9,350.00
Selinsgrove Area School District	Dallas High School Athletics	2,338.34
The Keystone State Games	Dallas Athletic Department and Dallas High School	400.00
DSD Parents	Dallas High School Athletics (football helmet purchases)	1,128.00
DSD Parents	Dallas School District, Dallas High School Athletics, Dallas High School, Dallas Middle School, Dallas Senior High School PTSA, (various memos to include AP Tests, Raffle Tickets, Hurricane Katrina Collections)	8,816.64
TOTAL:		\$55,829.98

On November 6, 2008, OSI received from Chief Jolley a copy of the Affidavit of Probable Cause in support of a Police Criminal Complaint against Wolensky, charging him with one count of theft by unlawful taking.⁹

⁹ Section 3821(a) of the Pennsylvania Crimes Code, 18 Pa C.S. § 3921(a), provides, in pertinent part:

§ 3921. Theft by unlawful taking or disposition

- (a) **Movable property.** – A person is guilty of theft if he unlawfully takes, or exercises unlawful control over, movable property of another with intent to deprive him thereof.

The affidavit of probable cause states that Wolensky was interviewed by Chief Robert Jolley and Pennsylvania State Police Trooper Charles Prula on October 24, 2008, in the presence of his attorney, Frank Nocito. It also states:

During the course of the interview the Defendant, WOLENSKY admitted that he had endorsed and deposited all seven of the above checks in to the Bank of America checking account of the WVBL. He would then remove the cash, totaling \$21,598.00, from the account as needed. WOLENSKY also admitted to depositing the proceeds of the Dallas Football Team helmet sales into the same Bank of America Account and withdrawing it in the same fashion. The total helmet sales were valued at \$1,585.00.¹⁰

On December 10, 2008, OSI met with DSD's Solicitor, who requested OSI's deposit analysis for the WVBL checking account at Bank of America in order to pursue, through a civil action, the remaining funds that Wolensky had misappropriated. OSI complied with the request before issuing this public report so that the district could take action as soon as possible. We are not aware of any such action as of the date of this report.

On February 25, 2009, Wolensky pled guilty to a single count of theft by unlawful taking and made restitution to DSD in the amount of \$24,683. The Court of Common Pleas of Luzerne County sentenced him to 24 months of probation and 100 hours of community service.

Conclusions and Recommendations

Between October 2001 and January 2008, John Wolensky, in his capacity as the Athletic Director and Guidance Counselor for the Dallas School District, diverted over 231 checks totaling \$55,829.98, into a checking account under his control (the WVBL checking account) and then withdrew a large portion of said funds from the WVBL account for his personal benefit. The scheme involved checks from multiple sources and payable to multiple payees, and it was carried out in the following ways:

- Wolensky, in his capacity as Guidance Counselor and with the complicity and approval of then-High School Principal Frank Galicki, overcharged students taking the PSAT test and then deposited the excessive fees collected into the Dallas Senior High School Activities Account. He then caused seven checks to be drawn on the Activities Account and payable as follows:
 - During the period 2002 to 2004, he caused three checks to be issued payable to the order of Dallas Baseball Boosters totaling \$11,104, which

¹⁰ The seven checks are Activities Account check numbers 4075, 5002, 0187, 0528, 0967, 1218, and 1508. The seven checks are included in Tables 3 and 4; however, the figures in the affidavit of probable cause only support the charge set forth in the criminal complaint. The criminal complaint does not reflect the total theft perpetrated by Wolensky, as discussed in this report.

he then deposited under forged endorsements into the WVBL checking account.

- During the period 2005 to 2007, he caused four checks totaling \$10,494.50 to be issued payable to the order of Princeton Review, which he then deposited under forged endorsements into the WVBL checking account.
- Wolensky, in his capacity as Athletic Director, deposited ten checks issued by the Dallas Gridiron Club and intended for the Dallas School District into the WVBL checking account under forged endorsements.
- Wolensky, in his capacity as Athletic Director, deposited ten checks issued by the parents of Dallas High School football team players and intended for the purchase of football helmets into the WVBL checking account under forged endorsements.
- Wolensky, in his capacity as Athletic Director, deposited four checks issued by the Dallas Basketball Booster Club and intended for the Dallas School District into the WVBL checking account under forged endorsements.
- Wolensky, in his capacity as Athletic Director, and knowing that the payees were compensated from other sources, caused 60 checks to be issued from the Dallas School District Athletic Fund payable to the order of various interscholastic athletic officials and then deposited the checks into the WVBL checking account under forged endorsements.
- Wolensky, in his capacity as Athletic Director, deposited 15 checks issued by the PIAA, eight checks issued by other school districts, and 117 checks issued by parents, all intended for the Dallas School District, into the WVBL checking account under forged endorsements.

Based on the foregoing, we recommend that the DSD Board of School Directors:

- Initiate all available legal remedies to collect from Wolensky the remaining misappropriated funds for which DSD has not received restitution; and
- Continue to abide by all of the recommendations set forth in the Bureau of School Audits report regarding student activity funds, which are as follows:
 - Develop adequate controls, to include a periodic review of club transactions and balances. These controls must be adopted and maintained to provide assurance that student activity accounts are managed appropriately and to ensure there are no differences between DSD's books and bank reconciliations. DSD must maintain adequate controls over segregation of duties.

- Verify that general fund transactions are not run through any student activity fund.
- Require two or more persons to sign checks for student activity fund payments. The principal should be one of those persons. The persons signing checks should require and maintain invoices or other evidence of obligation, properly approved by the treasurer or other officer of the student organization, faculty, advisor, and fund custodian by the use of pre-numbered purchase orders, before signing the check. No check should be signed until it is filled out completely, including the date, name of payee and amount.
- The faculty advisor of each fundraising activity must be accountable for each fundraiser and maintain consistent, detailed documentation regarding collections made from students, and the financial success of student fundraising activities.
- The treasurer or custodian should submit a financial statement to the board quarterly or more often, at the direction of the board.
- The Bureau followed up on DSD's student activity reports for the 2008-09 school year and found that DSD did take corrective actions to address the lack of controls found in the prior audit, which had contributed to the misappropriations found in Finding I of this report.

FINDING II: Wolensky also misappropriated cash totaling \$4,869 from DSD’s Athletic Fund, which was intended for DSD student athletes to be used as meal money, but was used for his personal benefit.

The second allegation was that Wolensky misappropriated cash that was entrusted to him to distribute as “meal money” for DSD student athletes. This cash is in addition to the misappropriated checks discussed in Finding I. The source of the cash was the DSD Athletic Fund. The Athletic Fund is funded through transfers from DSD’s General Fund and ticket sales from athletic events.

The Bureau advised OSI that DSD had a policy whereby student athletes were given \$20 for meals when an athletic event causes the student to be away from the district for more than six hours. This money was supposed to be given to the student athlete in cash by Wolensky or by the team’s coach.

On March 10, 2008, OSI interviewed DSD’s Business Manager, who provided the following information:

- The Athletic Fund is a separate account maintained at Citizens Bank. Deposits to the account come from transfers from the DSD General Fund and ticket sales during home football games, basketball games, and wrestling matches. The typical transfer from the General Fund to the Athletic Fund is \$5,000. Transactions in the Athletic Fund are recorded in the QuickBooks accounting software program.
- Checks drawn on the Athletic Fund account are signed by DSD’s Business Manager and his secretary. During the period of review, disbursements from the account were usually at the request of Wolensky. Wolensky would fax a check request to the Business Manager, and the check would be prepared and given to Wolensky.
- On November 13, 2006, the DSD School Board established a policy whereby student athletes are given \$20 for meals when an athletic event caused the student to be away from the district for six hours or more. Under the same policy, coaches are given \$30. Student athletes and coaches do not have to produce receipts for expenses incurred under this policy.
- He provided the following information regarding Wolensky’s misappropriations:
 - On January 18, 2008, check number 4787 was written on the Athletic Fund account in the amount of \$770 and made payable to Wolensky. The purpose of the check was to give meal money to 34 members of the swimming team (34 x \$20 = \$680) and three swimming team coaches (3 x \$30 = \$90).

- He determined that Wolensky gave the head swimming coach \$300 in cash for swimming team meal money. This left \$470 unaccounted for.

DSD’s Business Manager provided OSI with the general ledger for the Athletic Fund account for the period February 7, 2003, through February 2, 2008. This ledger reflects deposits made to the account and disbursements from the account. A “Memo” section describes the reason for each disbursement. A review of this account indicates that the checks listed in **Table 11**, totaling \$8,340, were made payable to Wolensky for meal money.

Table 11
Checks to Wolensky from DSD Athletic Fund for Meal Money, 2006-08

Date	Check Number	Memo	Amount
5/30/2006	3514	“Soccer State Meal Money (42 players & 2 coaches)”	\$ 440
6/2/2006	3532	“Meal Money States – Softball”	200
6/6/2006	3533	“Meal Money States Softball”	200
6/9/2006	3538	“Girl’s Softball – States, Meal Money”	200
6/4/2007	4279	“Reimbursement Meal Money (Lancaster Mennonite) Soccer”	640
9/12/2007	4382	“Meal Money Berwick – football”	880
10/31/2007	4575	“Vball dist2 championship meal money”	480
11/2/2007	4579	“Fball meal money 11/9 districts”	510
11/26/2007	4617	“Wrest. Bloom tour. meal money 11/30-12/1 20 wrestlers 2 coaches-2days”	920
11/27/2007	4619	“Cheer. Meal money 11/30,31 20 girl’s, 2 coaches 2 days”	980
12/8/2007	4646	“Bball 12/22 meal money”	980
12/14/2007	4709	“Gball meal money 12/27, 28”	1,140
1/18/2008	4787	“Swm. Meal money 1/19”	770
1/30/2008	4847	“Meal money winter track 2/3”	380
Total			\$8,070

OSI reviewed these checks and determined that the checks were cashed by Wolensky. OSI then interviewed the following coaches who should have received the meal money to determine whether they received all the money that was disbursed to Wolensky.

On April 16, 2008, OSI interviewed the Girls’ Soccer Coach, who provided the following information:

- He was the Girls’ Soccer Coach in 2006.

- He never received \$440 in cash from Wolensky on May 30, 2006, for meal money for the state playoffs.
- He never received \$640 in cash from Wolensky on June 4, 2007 for meal money.
- He never received any cash from Wolensky or the District.
- He always received a check from the district for meal money and cashed it. He would distribute the cash to each student athlete and coach.

This information is summarized in **Table 12**:

Table 12
Meal Money for Soccer Team, 2006-07

	2006	2007
Amount Disbursed to Wolensky for Meal Money	\$440	\$640
Cash Received By Coach	0	0
Unaccounted For Amount	\$440	\$640

On April 16, 2008, OSI interviewed the Girls' Softball Coach, who provided the following information:

- In June 2006, the girls' softball team advanced to the District II playoffs.
- The team had breakfast at the Mark II Restaurant located in Dallas on June 2, June 6, and June 9, 2006.
- On two of the dates, the coach submitted the bill to Wolensky, who paid the Mark II Restaurant.
- On one of the dates, she received \$7 per student athlete and \$10 for each coach. She recalls receiving \$147 in cash from Wolensky.
- She received other checks from the district for meal money that were made payable to her. She would cash the check and distribute the cash to each student athlete and coach.

This information is summarized in **Table 13**:

Table 13
Meal Money for Softball Team, 2006

	2006
Amount Disbursed to Wolensky for Meal Money:	
June 2:	\$200
June 6:	\$200
June 9:	\$200
Cash Received By Coach	-\$147
Amount Received By Mark II Restaurant:	-\$400 ¹¹
Unaccounted For Amount	\$53

On April 24, 2008, OSI interviewed the Football Coach, who provided the following information:

- He was shown a memo entry made in the Athletic Fund General Ledger corresponding to September 12, 2007, which read: “Meal Money Berwick – football.” The check associated with this entry was in the amount of \$880. He recalled that the team had pizza and Gatorade in the locker room before the Berwick game in September 2007. The pizza came from Hogan’s Pizza in Dallas, Pennsylvania. To the best of his recollection, he did not receive the aforementioned \$880 and believed that the DGC paid for the pizza and Gatorade.
- He was shown a memo entry made in the Athletic Fund General Ledger corresponding to November 2, 2007, which read: “fball meal money 11/9 districts.” The check associated with this entry was in the amount of \$510. He did not receive the aforementioned \$510. The district playoff game in 2007 was against Berwick, and the football team had dinner at Pickett’s Charge Restaurant in Dallas, Pennsylvania. He thought that the DGC paid for the meal. He also remembered times when the proprietor of Pickett’s Charge Restaurant would feed the team for free.

OSI interviewed the president of DGC on May 1, 2008, who provided the following documents and information:

- DGC’s check number 538 drawn on its account at Luzerne National Bank, dated September 13, 2007, was made payable to the representative in the

¹¹ The Mark II Restaurant was unable to produce the guest checks for the June 2006 breakfasts. Because we have no evidence to the contrary, we must assume the Mark II Restaurant received the balance of \$400.

amount of \$68.32. The memo section of the check is annotated “Gatorade – Berwick.”

- DGC’s check number 539 drawn on its account at Luzerne National Bank, dated September 13, 2007, was made payable to Hogan’s Heroes & Pizza in the amount of \$240. The memo section of the check is annotated “Food – Berwick Game.
- DGC’s deposit slip dated September 14, 2007, indicated that \$304 in cash was deposited into its account at Luzerne National Bank.
- DGC’s checking account register showed a deposit of \$304 on September 14, 2007.
- A sales receipt from Weis Markets dated September 12, 2007, showed the purchase of Powerade for \$68.32.
- An invoice from Hogan’s Heroes & Pizza dated September 13, 2007, showed the purchase of 20 pizzas and 25 subs for \$240.
- DGC’s deposit slip dated September 14, 2007, indicated that \$304 in cash was deposited into its account at Luzerne National Bank.
- DGC’s checking account register showed a deposit of \$304 on September 14, 2007.
- The representative stated that she purchased the beverages and food described above for the DSD football team prior to the Berwick football game on September 13, 2007. Wolensky reimbursed the DGC \$304 in cash for these items, but he would not reimburse DGC for the sales tax of \$3.87 paid to Weis Markets because Wolensky claimed DSD is exempt from sales tax.

On April 29, 2008, OSI interviewed a representative of Pickett’s Charge Restaurant, who provided the following information:

- The owner of Pickett’s Charge Restaurant normally offers meals to the DSD football team at no charge.
- Wolensky paid Pickett’s Charge Restaurant \$400 in cash in the morning of September 9, 2008. The \$400 was for 40 members of the DSD football team at \$10 per person for a spaghetti dinner.

This information is summarized in **Table 14**:

Table 14
Meal Money for Football Team, 2007

	2007
Amount Disbursed to Wolensky for Meal Money:	
Berwick Game	\$800
District Playoff Game (Berwick)	\$510
Amount Received By Coach:	
Berwick Game	0
District Playoff Game (Berwick)	0
Cash Received By Dallas Gridiron Club:	-\$304
Cash Received By Pickett's Charge Restaurant:	-\$400
Unaccounted For Amount	\$606

On April 16, 2008, OSI interviewed the Volleyball Coach, who provided the following information:

- He was the head volleyball coach for the boys and girls from 2004 to 2008.
- He did not receive \$480 in cash from Wolensky on October 31, 2007, for meal money for the District II championship.
- He received \$200 in \$10 bills in a bank-type envelope from Wolensky for the District II championship. This was for 18 student athletes and 2 coaches.
- He recalled asking Wolensky for an early dismissal to attend the game. Wolensky agreed and stated he had funds for meal money. He provided the \$200 in cash within 15 minutes of the request. The events surrounding the delivery of the cash as recounted by the coach show his specific recollection of the delivery of the \$200 in cash by Wolensky to him.

This information is summarized in **Table 15**:

Table 15
Meal Money for Volleyball Team, 2007

	2007
Amount Disbursed to Wolensky for Meal Money	\$480
Cash Received By Coach	-\$200
Unaccounted For Amount	\$280

On April 22, 2008, OSI interviewed the Wrestling Coach, who provided the following information:

- He was hired as DSD’s wrestling coach in October 2007.
- He was shown a memo entry made in the Athletic Fund General Ledger corresponding to November 26, 2007, which read: “wrest. Bloom tour. meal money 11/30-12/1 20 wrestl.” The check associated with this entry was in the amount of \$920. He stated that he did not have 20 wrestlers on his team in 2007.
- He recalled receiving cash from Wolensky for meal money for student athletes and coaches on one occasion. On November 30 and December 1, 2007, the wrestling team participated in the Darren Klingerman Invitational Tournament sponsored by the Bloomsburg School District. The tournament was held in the Bloomsburg University Field House. The team stayed overnight in a Bloomsburg motel on November 30, 2007.
- He recalled receiving \$680 in \$20 bills from Wolensky prior to the tournament for meal money. The \$680 in cash that Wolensky gave to him was in a blue and white envelope. Wolensky wrote \$680 on the envelope. The coach did not retain the envelope, and he did not return any cash to Wolensky or any other DSD official.
- He and his assistant transported the wrestling team to the tournament in vans rented from Enterprise Rent-A-Car in Kingston, Pennsylvania. The charges for the vans were billed directly to DSD. He and his assistant paid fuel expense for the vans. DSD reimbursed them by check for this expense.
- He was also shown a memo entry made in the Athletic Fund General Ledger corresponding to December 17, 2007, which read: “wrest. meal money ¼.” The check associated with this entry was in the amount of \$490. He stated that this was for the Whitehall Duals on January 4, 2008.
- He and his assistant took 14 wrestlers to this event in vans rented from Enterprise Rent-A-Car in Kingston, Pennsylvania. The charges for the vans were billed directly to DSD. He and his assistant paid fuel expense for the vans. DSD reimbursed them by check for this expense.
- He did not receive any meal money from Wolensky, as he understood that DSD’s policy was to only give meal money for one event per year. The meal money for the Whitehall Duals came from the Dallas Wrestling Booster Club.

This information is summarized in **Table 16**:

Table 16
Meal Money for Wrestling Team, 2007

	2007
Amount Disbursed to Wolensky for Meal Money	\$980
	\$490
Cash Received By Coach	-\$680
Unaccounted For Amount	\$790

On April 22, 2008, OSI interviewed the Cheerleading Coach, who provided the following information:

- She has been DSD’s head cheerleading coach since 2003.
- She was shown a memo entry made in the Athletic Fund General Ledger corresponding to November 27, 2007, which read: “cheer. meal money 11/30, 31.20 girl’s, 2 coaches.” The check associated with this entry was in the amount of \$980. She recalled receiving cash from Wolensky for meal money for student athletes and coaches on only one occasion. On November 30 and December 1, 2007, the cheerleading squad participated in the Allegheny Regionals at Slippery Rock University. The squad stayed overnight in a motel on November 30, 2007, near the university.
- She recalled receiving \$800 in \$20 bills from Wolensky prior to the competition for meal money. She calculated this amount as follows:

$$\begin{aligned}
 17 \text{ student athletes} \times \$20 \times 2 \text{ days} &= \$680 \\
 2 \text{ coaches} \times \$30 \times 2 \text{ days} &= \underline{120} \\
 &= \$800
 \end{aligned}$$

- She recalled the \$800 in cash that Wolensky gave her was in an envelope. She did not retain the envelope, and she did not return any cash to Wolensky or any other DSD official.
- She and her assistant transported the cheerleading squad to the competition in vans rented from Enterprise Rent-A-Car in Kingston, Pennsylvania. The charges for the vans were billed directly to DSD.

This information is summarized in **Table 17**:

Table 17
Meal Money for Cheerleading Squad, 2007

	2007
Amount Disbursed to Wolensky for Meal Money	\$980
Cash Received By Coach	-\$800
Unaccounted For Amount	\$180

On April 24, 2008, OSI interviewed the Boys' Basketball Coach, who provided the following information:

- He has been DSD's head boys' basketball coach since 2004.
- He was shown a memo entry made in the Athletic Fund General Ledger corresponding to December 8, 2007, which read: "bball 12/22 meal money." The check associated with this entry was in the amount of \$980. The meal money was given to student athletes who attended a Penn State men's basketball game at State College, Pennsylvania, on December 23, 2007. The outing was arranged by the Dallas Basketball Booster Club.
- He could not attend the game because he had an emergency appendectomy on December 14, 2007. His assistant coach and the Dallas Basketball Booster Club president accompanied the team to the Penn State game.
- Wolensky advised him that, because the team had not traveled that much during the basketball season, DSD would be able to give the student athletes meal money for the trip.
- No more than 23 student athletes attended the game, and it was his understanding that each student athlete was to receive \$10, and each coach \$20, for meal money.

On April 24, 2008, OSI interviewed a representative of the Dallas Basketball Booster Club, who provided the following information:

- He was the president of the Dallas Basketball Team Booster Club in 2007 but is currently not an officer. As president, he arranged a trip for the DSD boys' basketball to attend a Penn State men's basketball game at State College on December 23, 2007.
- Prior to December 23, 2007, he received 23 to 25 \$10 bills from Wolensky in a "brown money envelope." He believed that the envelope was a bank envelope, but he could not recall the name of the bank.

- He became sick on the bus and asked the team’s assistant coach to give each student athlete a \$10 bill from the “brown money envelope” while they were en route to State College. The assistant coach returned the envelope to him with a few \$10 bills left in it. This amount was given to the bus driver as a tip.

On April 24, 2008, OSI interviewed the DSD boys’ basketball assistant coach, who provided the following information:

- On December 23, 2007, the president of the Dallas Basketball Team Booster Club asked him to pass out meal money to student athletes while on a bus trip to State College. The assistant coach gave each student athlete a \$10 bill. The assistant coach did not take any meal money for himself and returned a small amount of \$10 bills to the president.

This information is summarized in **Table 18**:

Table 18
Meal Money for Boys’ Basketball Team, 2007

	2007
Amount Disbursed to Wolensky for Meal Money	\$980
Cash Received By Coach	\$250
Unaccounted For Amount	\$730

On April 21, 2008, OSI interviewed the Girls’ Basketball Coach, who provided the following information:

- He became DSD’s girls’ varsity basketball coach in either 1999 or 2000.
- He was shown a memo entry made in the Athletic Fund General Ledger corresponding to December 14, 2007, which read: “Gball 12/27,[12/]28 meal money.” The check associated with this entry was in the amount of \$1,140.
- He recalled receiving cash from Wolensky for meal money for student athletes and coaches on only one occasion. On December 27 and 28, 2007, the DSD girls’ basketball team participated in a Christmas tournament at Pine Grove School District. He recalled receiving \$840 in \$20 bills from Wolensky prior to the tournament for meal money. He calculated this amount as follows:

$$\begin{aligned}
 &18 \text{ student athletes} \times \$20 \times 2 \text{ days} = \$720 \\
 &2 \text{ coaches} \times \$30 \times 2 \text{ days} = \underline{120} \\
 &\hspace{10em} \$840
 \end{aligned}$$

- He recalled that the \$840 in cash that Wolensky gave him was in a bank envelope, but he could not recall the bank's name.
- He also received a check from Wolensky which was made payable to the Hampton Inn for lodging while participating in the Pine Grove School District Christmas Tournament. Lodging was provided for 18 student athletes, 2 coaches, and the bus driver.
- On previous occasions, he would receive meal money from Wolensky in the form of a check made payable to him. These checks were for the lower rate of \$7 per student athlete, which was the rate in effect at that time. He recalled this figure since he would cash the check and get a sufficient number of \$1 bills to provide the requisite \$7 per student athlete.

This information is summarized in **Table 19**:

Table 19
Meal Money for Girls' Basketball Team, 2007

	2007
Amount Disbursed to Wolensky for Meal Money	\$1,140
Cash Received By Coach	\$840
Unaccounted For Amount	\$300

On March 10, 2008, OSI interviewed DSD's Business Manager, who provided the following information:

- On January 18, 2008, check number 4787 was written on the Athletic Fund account in the amount of \$770 and made payable to Wolensky. The purpose of the check was to give meal money to 34 members of the swimming team (34 x \$20 = \$680) and three swimming team coaches (3 x \$30 = \$90).
- Through email correspondence with the head swimming coach, the Business Manager determined that Wolensky gave the coach \$300 in cash for swimming team meal money. This left \$470 unaccounted for.

This information is summarized in **Table 20**:

Table 20
Meal Money for Swimming Team, 2008

	2008
Amount Disbursed to Wolensky for Meal Money	\$770
Cash Received By Coach	\$300
Unaccounted For Amount	\$470

On April 16, 2008, OSI interviewed the Track Coach, who provided the following information:

- He was the Assistant Track Coach from 1998 to 2001 and the Head Coach from 2001 to present.
- He did not receive \$380 in cash from Wolensky on January 30, 2008, for a winter track event held on February 3, 2008.
- He never received cash from Wolensky or DSD.
- He always received a check from DSD for meal money. He would cash the check and distribute the cash to each student athlete and coach.
- The Booster Club would pay for the team's entry fee.

This information is summarized in **Table 21**:

Table 21
Meal Money for Track Team, 2008

	2008
Amount Disbursed to Wolensky for Meal Money	\$380
Cash Received By Coach	0
Unaccounted For Amount	\$380

Table 22 summarizes the information contained in **Table 12** through **Table 21**:

Table 22
Summary of Unaccounted For Meal Money, 2006-08

	<u>2006</u>	<u>2007</u>	<u>2008</u>
SOCCER TEAM	\$440	\$640	0
SOFTBALL TEAM	53	0	0
FOOTBALL	0	606	0
VOLLEYBALL TEAM	0	280	0
WRESTLING TEAM	0	790	0
CHEERLEADING	0	180	0
BOYS' BASKETBALL	0	730	0
GIRLS' BASKETBALL	0	300	0
SWIMMING TEAM	0	0	\$470
TRACK TEAM	0	0	380
	\$493	\$3,526	\$850
TOTAL 2006 - 2008			\$4,869

OSI provided the foregoing information to Chief Jolley on August 27, 2008. On November 6, 2008, OSI received from Chief Jolley a copy of the Affidavit of Probable Cause in support of a Police Criminal Complaint against Wolensky. The affidavit states that Wolensky was interviewed on October 24, 2008, in the presence of his attorney. It also states: "WOLENSKY also admitted to misappropriating \$1,500.00 worth of athletes' meal money over the course of time."¹² This cash is in addition to the checks Wolensky stole and referred to in Finding I.

On February 25, 2009, Wolensky pled guilty to a single count of theft by unlawful taking and made restitution to DSD in the amount of \$24,683. The Court of Common Pleas of Luzerne County sentenced him to 24 months of probation and 100 hours of community service.

Conclusions and Recommendations

We found that Wolensky caused checks totaling \$8,070 to be made payable to him from the Athletic Fund for the purpose of providing cash to student athletes for meal

¹² The figures in the affidavit only support the charges set forth in the criminal complaint and do not reflect the total theft perpetrated by Wolensky. The criminal complaint reflects seven checks totaling \$21,598, football helmet sales of \$1,585, and \$1,500 of meal money totaling \$24,683.

money. He cashed these checks and distributed only \$3,501 of the cash for its intended purpose and misappropriated the remaining \$4,869.

Based on the foregoing, we recommend that the DSD Board of School Directors:

- Initiate all available legal remedies to collect from Wolensky the misappropriated funds for which DSD has not received restitution;
- Establish sufficient controls over funds disbursed from the Athletic Fund to provide cash to student athletes for meal money or revoke the policy of providing cash to student athletes and replace it with a policy of issuing preloaded debit cards to coaches to purchase meals for student athletes and coaches in accordance with DSD's current policy. The preloaded cards would be returned at the conclusion of the contest to the Business Manager. Sufficient documentation should be provided by the coaches to justify all expenditures made with the cards. The documentation should be verified by two DSD employees.

FINDING III: Frank Galicki, DSD’s current Superintendent of Schools, failed to exercise proper control over the High School Testing Account by allowing overcharges totaling \$52,245.50 to be realized on the administration of the Practice Scholastic Assessment Test and by failing to disclose to DSD’s school board, parents, and test takers that they were participating in a fund raising event for the benefit of DSD’s baseball team and Parent Teacher Student Organization.

The third allegation was that Frank Galicki, DSD’s current Superintendent of Schools and former high school principal, failed to exercise proper control over the High School Testing Account, in that he approved the practice of overcharging PSAT test takers and then donating the overcharges to the DBB and the Dallas Parent Teacher Organization. Parents and students were not advised that the fees they were paying to take the PSAT included a fundraising component.

The Pennsylvania Public School Code of 1949, as amended, provides, in pertinent part, as follows:

§ 511. School athletics, publications, and organizations

(a) The board of school directors in every school district shall prescribe, adopt, and enforce such reasonable rules and regulations as it may deem proper, regarding (1) the management, supervision, control, or prohibition of exercises, athletics, or games of any kind, school publications, debating, forensic, dramatic, musical, and other activities related to the school program, including raising and disbursing funds for any or all such purposes and for scholarships....¹³

Pursuant to this statutory mandate, DSD adopted the following policy:

Policy Statement 618, Special Purpose Funds

It is the purpose of this policy to establish financial supervision and controls for administering various activities that comprise special purpose funds.

The Board may establish special purpose funds and shall designate the responsible supervision for the funds.

In order to ensure proper supervision of all special purpose funds using the name of the school the Board establishes the following guidelines:

1. Funds of any student body organization may be deposited or invested in banks, in accounts insured by FDIC, and in investment certificates or withdrawable shares in state chartered savings and loan associations, in-state and insured by FDIC or FSLIC.

¹³ 24 P.S. § 511(a).

2. Funds collected shall be turned into the building principal before the end of each school day, to be safeguarded until they are deposited.
3. Funds from the cafeteria activities shall be treated as prescribed in Board Policy.
4. Funds from interscholastic athletic activities shall be under the supervision of the Athletic Director.
5. Records shall be maintained of the receipt and disbursement of all funds in designated accounts according to the bylaws of the activity involved.
6. Disbursements from such funds shall be made by check only upon the request of the authorized advisor(s).
7. All checks shall be signed by the person authorized to approve such disbursements.
8. A financial report of the condition of each special purpose fund organization shall be submitted to the Board, quarterly.¹⁴

On February 28, 2008, a Bureau auditor asked Galicki why he approved the payments to the DBB. Galicki responded to the auditor, and later explained to both the auditor and his supervisor, that Wolensky approached him with a fundraising idea when Wolensky first took over the testing account. Wolensky told Galicki that he could charge more for the tests and donate the difference between the cost and the charge to the DBB. Galicki stated that he gave his approval to Wolensky for the fundraising idea.

As explained in Finding I, Galicki, in his capacity as high school principal, approved the Requests for Payment and signed the checks issued to DBB, Princeton Review, and Dallas PTSO during the period July 2001 through August 2004. These checks were drawn on the Activities Account at United Penn Bank and the Dallas School District account at Citizens Bank.

Table 3 summarizes the checks issued to the DBB from the Activities Account, which total \$26,551. **Table 4** summarizes the checks issued to Princeton Review from the Activities Account, which total \$10,494.50.

Table 23 summarizes the checks issued to the Dallas PTSO from the Activities Account and the Dallas School District account.

¹⁴ Dallas School District Directive 618. Special Purpose Funds, dated Nov. 9, 1998.

Table 23
Checks Written To Dallas PTSO, 2001-07

DATE	CHECK NUMBER	AMOUNT
02-12-2001	3824	\$ 2,000
02-08-2002	4074	2,700
02-18-2003	5001	2,300
02-19-2004	186	2,000
03-08-2004	215	200
02-14-2005	530	2,000
05-04-2005	747	1,500
11-29-2006	1205	500
02-06-2007	1279	<u>2,000</u>
Total		<u>\$15,200</u>

Table 24 summarizes the fee overcharges made on the administration of the PSAT from July 1, 1995, through December 10, 2007, as evidenced by the payments made to DBB, Princeton Review, and Dallas PTSO:

Table 24
Fee Overcharges on PSAT, 1997-2007¹⁵

ITEM	AMOUNT
DBB	\$26,551.00
Princeton Review	10,494.50
Dallas PTSO	<u>15,200.00</u>
Total	<u>\$52,245.50</u>

On November 25, 2008, Galicki was interviewed by OSI in the presence of DSD's Solicitor and Business Manager, and he provided the following information:

- He first met Wolensky while playing semi-pro baseball in the late 1970s. When he arrived at DSD, Wolensky was the in-school suspension coordinator. Wolensky was also DSD's head baseball coach. His relationship with Wolensky focused on school business and baseball.
- He agreed with a summary of his statements made to the Bureau auditor and the auditor's supervisor on February 28, 2008.
- When asked why he, as the Dallas High School principal, approved using the DSD testing account as a fundraising vehicle, he stated:

¹⁵ This period is earlier because Table 23 includes checks to DBB and the Princeton Review. The checks to the PTSO (Table 22) started in 2001.

- It was generally recognized that Scholastic Assessment Test scores increased with practice.
- Wolensky came to him with the fundraising idea.
- The profit made from administering the PSAT would be used to help the DBB and provide scholarships for graduating seniors.
- Galicki considered the proposal as a “novel idea” and “a win-win” situation for students.
- DSD has many fundraising events such as candy bar sales to benefit school-related organizations.
- When asked whether the students taking the PSAT were advised that they were participating in a fundraising event, he was advised by the Solicitor to refrain from answering any further questions before consulting with private legal counsel of his choice. He then decided to conclude the interview.

On December 12, 2008, Galicki was interviewed by OSI a second time in the presence of his personal attorney, and he provided the following information:

- When shown the account ledgers for the DSD Testing Account for the period July 1, 1995 through October 1, 2007, he stated that he had never seen them before.
- His secretary prepared requests for payments, checks, and made the entries in the ledger.
- He reviewed DSD Directive 618, which relates to Special Purpose Funds, and stated that he did not provide the DSD School Board with a “financial report” for the DSD Testing Account, pursuant to item 8, when he was high school principal because he did not know about it. When he became superintendent, he began preparing the financial reports. He agreed to provide us with copies of the reports he submitted to the Board.
- He served as a proctor for the PSAT two or three times and was compensated by check.
- He reviewed a portion of an audit report prepared by the Gattuso Group, LLC, dated February 14, 2005. With regard to the finding relating to “High School Activities Fund” on page 20, he related the following:
 - He was Acting Superintendent when the report was issued.
 - Every recommendation in the report was implemented.
 - DSD had no full-time business manager when the report was rendered.
 - All fundraising coordinators were given a copy of a Pennsylvania Association of School Business Officers (“PASBO”) pamphlet, which provided guidelines on the use of activity funds.
 - He instructed DSD’s former high school principal to inform Wolensky to stop making checks payable to the DBB.
 - He specifically recalled Wolensky questioning him about the prohibition against writing checks to the DBB.
 - He advised Wolensky to stop writing checks to DBB from the DSD testing account because the checks benefited a select group of students.

- He gave Wolensky approval to write checks to the DSD PTSO to be used for scholarships for the valedictorian and salutatorian because it made the funds available to a larger segment of the DSD student population.
- When he reviewed a summary of checks written to the DBB and Princeton Review, he recognized that the first check issued to Princeton Review was dated the same day as the Gattuso report.
- He did not instruct Wolensky to make the checks payable to Princeton Review, and he never questioned Wolensky about the purpose of the Princeton Review checks.
- Regarding the WVBL, he was its president from 1985 or 1986 to the present.
- He reviewed a document titled “Bank of America – Fleet Signature Cards” and stated that his signature was on the signature card and that the account was for the WVBL. Regarding this account, he stated:
 - He never made deposits to the account.
 - He never wrote any checks on the account.¹⁶
 - He never received any currency from the account.
 - The only checks drawn on this account that he received were for umpiring baseball games.
 - He would attend two meetings per year that were sponsored by the WVBL. These meetings would be held at two Wilkes-Barre restaurants, commencing at noon and concluding approximately two hours later. The meetings included a meal but no alcoholic beverages.
- He agreed to the PSAT fundraising idea proposed by Wolensky because it benefited the DSD baseball team and helped pay for its annual trip to Virginia.
- There are many fundraising activities in the DSD and they do not require Board approval. He cited the selling of candy bars as an example.
- The fundraising component of the PSAT testing program was not in writing, but it was generally known by students, parents, faculty, administrators, and Board members.
- He offered to produce affidavits from Board members and parents evidencing their knowledge that the PSAT was a fundraising activity.
- He wished in retrospect that he had required more transparency relative to the PSAT program at DSD.

On December 16, 2008, OSI interviewed Galicki’s successor as high school principal, who provided the following information:

- She served on the school board from 1997 or 1998 until 2001 or 2002.
- She was named high school principal effective Labor Day 2005.
- During her tenure on the school board and while she was principal, no one sought approval from the board to create a profit on the administration of the

¹⁶ Galicki was advised that OSI’s analysis of the disbursements from the account showed that he wrote no checks on the account and that he received two checks for umpiring.

PSAT. She was not sure if the board was required to approve fundraising events.

- During her tenure on the board and while she was principal, she did not know that the profit from the administration of the PSAT was given to the DBB. She did not know that Galicki had given approval to Wolensky to use the PSAT as a baseball fundraiser.
- She assumed that the guidance department was providing funds to the PTSO for the scholarships given to the valedictorian and salutatorian. The PSAT was an “academic test used for academic gain.”
- During an orientation on Labor Day 2005, Galicki introduced her to the department heads, including Wolensky. During this introduction and in the presence of Wolensky, Galicki advised her that all “outside funds” generated by the Guidance Department were to be “guidance related” and had to go through her. Galicki also advised her that all checks from the testing account were to be signed by her.
- She recalled the audit done in 2005 by the Gattuso Group, but she could not recall the findings.
- Her secretary prepared requests for payment and the corresponding check. She would sign the check based on the information contained on the request for payment. She may have reviewed the testing account ledger that her secretary maintained.
- She believed that “most people,” including DSD’s faculty, were under the assumption that the PSAT fees were used to cover administration of the test and not to create a profit.
- A form was to be submitted to her for any fundraising event when she was principal. This “protocol” even applied to the sale of candy bars. She assumed that the form was also sent to the business office.
- Wolensky told her that she did not have to worry about athletic matters while he was Athletic Director. Galicki was also actively involved in athletic matters. She did not know that the baseball team went to Old Dominion University in Virginia each spring. She also had no knowledge of the WVBL.
- She “probably received” a pamphlet published by PASBO relating to student activity funds from Galicki. She recalled giving the pamphlet to faculty members and the negative reaction she received from club advisors due to the additional administrative burden.
- She did not recall sitting down with Wolensky and telling him that he had to stop writing checks to the DBB. If Galicki had told her to direct Wolensky in this fashion, she would have done it.

Under cover of a letter dated January 7, 2009, Galicki’s personal attorney furnished to OSI copies of documents titled “Dallas Senior High School Monthly Board Reports” for the periods ending August 31, 2005, through August 31, 2007. In his letter, the attorney stated the following:

This will follow our last meeting in December at which time you requested some additional information. We have now located that

information and are happy to send it to you. Find enclosed copies of the Dallas Senior High School Monthly Board Reports from August 31, 2005. Mr. Galicki explained based on the Gattuso findings and by his direction the Board was supplied with ongoing reports of activity in the Senior High Activities Account. While Dallas School District's policy 618 would require quarterly reports, it appears that monthly reports were actually supplied to the Board. This corroborates [sic] Mr. Galicki's explanation to you and your office that as soon as the Gattuso report identified this non-compliance the matter was promptly corrected at his direction. Moreover, payments to the Baseball Boosters organization from testing monies were immediately curtailed at Mr. Galicki's direction.

Affidavits of persons with knowledge of the fund-raising aspects of the SAT practice testing program are being circulated for signatures. In the meantime if you require anything else le [sic] me know.

On February 2, 2009, OSI received copies of the DSD Board minutes for the period January 3, 2005, through September 15, 2008, from DSD's Business Manager.¹⁷ OSI's review of the DSD board minutes failed to reveal the monthly reports provided by Galicki's attorney. OSI found only the following:

- At page 17977, and corresponding to the March 14, 2005, DSD school board meeting, appears a document titled "Dallas School District Activity Account Monthly Board Report As of March 31, 2005." This document details activity in a Citizens Bank account that appears to be related to DSD's elementary schools for the period July 14, 2004, through March 18, 2005.
- At page 19548, and corresponding to the March 10, 2008, DSD school board meeting,¹⁸ appears a document titled "Dallas Senior High School Monthly Board Report As of February 29, 2008." This document details Student Activity Account transactions from July 16, 2007, through February 29, 2008, including check number 1508 issued to Princeton Review in the amount of \$2,925.
- At page 19626, and corresponding to the April 14, 2008 DSD school board meeting, appears a document titled "Dallas Senior High School Monthly Board Report As of March 31, 2008." This document details account activity from March 3, 2008, through March 31, 2008.
- At page 19658, and corresponding to the May 12, 2008 DSD school board meeting, appears a document titled "Dallas Senior High School Monthly Board Report As of April 30, 2008." This document details account activity from April 1, 2008, through April 30, 2008.

¹⁷ The minutes and attachments are sequentially numbered beginning with 17836 and ending with 19814.

¹⁸ DSD had discovered the theft being perpetrated by Wolensky at this time.

- At page 19701, and corresponding to the June 9, 2008 DSD school board meeting, appears a document titled “Dallas Senior High School Monthly Board Report As of May 31, 2008.” This document details account activity from May 2, 2008, through May 30, 2008.
- At page 197769, and corresponding to the August 11, 2008 DSD school board meeting, appears a document titled “Dallas Senior High School Monthly Board Report As of July 31, 2008.” This document details account activity from July 11, 2008, through July 23, 2008.

On February 4, 2009, OSI advised Galicki’s attorney that it appeared that DSD’s Board did not receive the monthly reports referred to in his letter dated January 7, 2009. OSI requested clarification on this issue. OSI also requested the “affidavits of persons with knowledge of the fund-raising aspects of the PSAT” alluded to in his letter of January 7, 2009. OSI requested a response by February 20, 2009. As of the date of this report, over one year later, OSI has not received the requested information.

Conclusions and Recommendations

Frank Galicki, DSD’s Superintendent of Schools, failed to exercise proper control over the High School Testing Account, in that he failed to prevent the scheme by which parents and students were overcharged for the fees associated with the PSAT testing program. The practice of collecting fees in excess of the total costs for administering the PSAT test was instituted by former Athletic Director John Wolensky with the complicity and approval of Galicki.

The overcharges generated by this scheme were deposited into the Dallas Senior High School Activities Account, and then Wolensky, with Galicki’s approval, caused checks to be drawn payable to the order of the Dallas Baseball Boosters and later to Princeton Review. These checks were then deposited by Wolensky, under forged endorsements, into the checking account of WVBL, which Wolensky controlled. Wolensky admitted to converting part of the illicit overcharges to his personal use by drawing checks made payable to “cash” from the WVBL account. In addition to deceiving the students and parents who paid fees for the PSAT test, this scheme also violated DSD Policy Statement 618, Special Purpose Funds.

In addition, contrary to his attorney’s contention in his letter dated January 7, 2009, it appears that Galicki failed to provide the DSD School Board with Dallas Senior High School Monthly Board Reports, as is required by Policy Statement 618. Furthermore, neither Galicki nor his attorney has submitted evidence, in the form of affidavits or otherwise, to establish that the fundraising nature of the PSAT testing program was generally known by students, faculty, parents, administrators, and Board members.

Based on the foregoing, we recommend that DSD’s Board of School Directors:

- Amend DSD's Policy Statement 618 Special Purpose Funds to include the requirements that all fundraising activities must be approved by the Board and fully disclosed to parents and students to include what the funds will be used for;
- Ensure that DSD administrators and employees follow all such policies; and
- Take appropriate disciplinary action against Galicki.

DALLAS SCHOOL DISTRICT'S RESPONSE TO DRAFT REPORT

DALLAS SCHOOL DISTRICT
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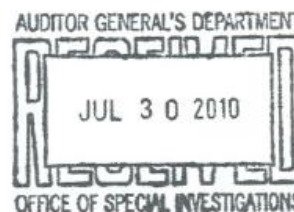
Dr. Paul M. Reinert, Ph.D.
Assistant Superintendent

Frank P. Galicki
Superintendent

Grant S. Palfey
Business Manager

July 29, 2010

Mr. Jeffrey H. Gribb
Director
Office of Special Investigations
Commonwealth of Pennsylvania
Department of the Auditor General
327 Finance Building
Harrisburg, PA 17120-0018



Dear Mr. Gribb:

The Board of School Directors of Dallas School District ("District") thanks you for your letter dated June 22, 2010 addressed to me as President of the Board of School Directors ("Board") and the copy of the draft report of *The Special Investigation of Dallas School District, Luzerne County, Pennsylvania* ("Report") that accompanied your letter.

Further, the Board appreciates your grant of an extension of time from July 16, 2010 to July 30, 2010 to afford the District an opportunity to review the Report fully, to deliberate upon its allegations and findings, and to submit to your office a written response to the Report.

It must be noted that, because two (2) of the nine (9) incumbent members of the Board have been engaged in active military service since the receipt of the Report by the District and extending through the period of many discussions in respect to it by the Board, the authorization for the submission of this reply to the Report, as written, has been directed by less than all of the serving Board members.

Nevertheless, a majority of the available members of the Board acknowledge the actions and deficiencies identified in the Report, and they have taken the corrective actions or will take the corrective actions recommended by the Department of the Auditor General's Office Special Investigations, as more fully set below.

The District replies to the Report as follows:

(A) **ALLEGATION NO. 1:**

WOLENSKY CAUSED CHECKS TO BE DRAWN ON THE DALLAS SENIOR HIGH SCHOOL ACTIVITIES ACCOUNT ("ACTIVITIES ACCOUNT") AT CITIZENS BANK (AND ITS PREDECESSORS), PAYABLE TO THE ORDER OF DALLAS BASEBALL BOOSTERS ("DBB") AND PRINCETON REVIEW. THESE CHECKS REPRESENTED A PORTION OF TESTING FEE OVERCHARGES COLLECTED FROM STUDENTS, WHO REGISTERED TO TAKE THE PRACTICE SCHOLASTIC ASSESSMENT TEST ("PSAT"), WHICH WAS PREPARED AND SCORED BY PRINCETON REVIEW. THE PRINCETON REVIEW WOULD SEND THE RESULTS TO DSD'S GUIDANCE DEPARTMENT, WHICH THEN WOULD PROVIDE THE SCORES TO THE TEST TAKERS. WOLENSKY THEN DEPOSITED THE CHECKS UNDER FORGED ENDORSEMENTS INTO A CHECKING ACCOUNT UNDER HIS CONTROL BY THE NAME OF "WVBL" (WYOMING VALLEY BASEBALL LEAGUE) AT BANK OF AMERICA (AND ITS PREDECESSORS).

The District concurs with the details of Allegation No. 1 and Finding I in support of Allegation No. 1 based upon the thorough and exhaustive audit by the Office of Special Investigations evidencing the basic criminal scheme and the full extent of the misappropriation of funds perpetuated by John Wolensky, a former District employee.

(B) **ALLEGATION NO. 2:**

WOLENSKY CAUSED CHECKS TO BE ISSUED TO HIMSELF FROM THE ACTIVITIES ACCOUNT FOR "MEAL MONEY" THAT WAS SUPPOSED TO BE DISTRIBUTED TO DSD'S SCHOOL ATHLETES IN CASH. WOLENSKY THEN MISAPPROPRIATED THE FUNDS SO DISBURSED.

The District concurs with the details of Allegation No. 2 and Finding II in support of Allegation No. 2 based upon the audit by the Office of Special Investigations evidencing the misappropriation by John Wolensky of "meal money" to be distributed, when appropriate, to District student athletes.

(C) **RECOMMENDATIONS OF THE DEPARTMENT OF THE AUDITOR GENERAL, OFFICE OF SPECIAL INVESTIGATIONS BASED UPON ALLEGATIONS NO. 1 AND NO. 2 AND RELATED FINDING I AND FINDING II OF THE REPORT.**

1. The District will initiate all available civil legal remedies to collect from John Wolensky the balance of the misappropriated funds, as stated in Finding I and Finding II of the Report. The District agrees with the Office of

Special Investigations that John Wolensky misappropriated from the District the sum of \$55,829.98, as stated in Finding I, and the sum of \$4,089.00, as stated in Finding II. The Court of Common Pleas of Luzerne County, in the course of the criminal prosecution of John Wolensky for the crime of "unlawful taking", directed him to pay restitution to the District in the amount of \$24,683.00 in conjunction with the sentence rendered by the Luzerne County Court of Common Pleas in respect of his plea of guilt to the crime of unlawful taking. Such payment was made to the District. Accordingly, there is a net balance due to the District by John Wolensky in the amount of \$35,235.98. John Wolensky's purported retirement on November 22, 2008, stated to become effective on November 4, 2009, during a period of disciplinary suspension, was an attempt by him to avoid disciplinary termination of his employment by the District. Not coincidentally, John Wolensky was arrested and charged before a District Justice for the crime of unlawful taking of District funds or District related funds on November 4, 2009. Subsequently, the District denied John Wolensky's request for retirement benefits, otherwise afforded him under the professional employees' collective bargaining agreement with the District. He has grieved the denial of the payment of such contractual retirement benefits, alleging in his grievance statement that the District is contractually obligated to pay him (a) "an early retirement incentive benefit" in the amount of \$56,520.00, (b) a payment for accumulated and unused sick days in the amount of \$3,450.00, and (c) the continuation of the payment by the District of his health care benefits until age 65 or his qualification for Medicare; a sum estimated by the District's Business Office to be in the amount of \$75,692.62. The grievance is unresolved. It is pending before an appointed arbitrator. Should, however, the grievance not be resolved by arbitration in favor of the District at the time of the commencement of a civil action by the District against John Wolensky seeking restitution in the amount of \$35,235.98, it is probable that John Wolensky will plead a counterclaim or offset against the District in the amount of \$135,662.62. Further, a very substantial problem affecting the success of the District in the prosecution of a civil action against John Wolensky will be the proof of the facts, as stated in the Report, which, as to the District, constitute, in large measure, hearsay evidence, unless the District is uniquely successful in subpoenaing all of the necessary witnesses to the defalcations of John Wolensky detailed in the Report, and, more importantly, unless these witnesses will agree to cooperate with the District in giving full and complete testimony of their knowledge of John Wolensky's criminal actions involving the theft of District or District related funds. As in all such cases, there is a very real problem of the enforcement of a judgment against John Wolensky, whose assets, to whatever extent they exist, are believed to be jointly held with his wife. The District represents, however, to the Department of the Auditor General, Office of Special

Investigations, that it will attempt by available legal action to seek restitution of the balance of the District's funds misappropriated by John Wolensky and for which no restitution has, heretofore, been made.

2. With respect to the use and accountability of the District's Athletic Fund, the Board has directed the Administration that corrective action must be instituted to implement adequate controls over the disbursement of District athletic funds. The District has developed several procedures to address specific circumstances that may arise in the course of athletic events. In order to address the payment of "meal money" for students, in accordance with Board policy, the District has implemented a travel settlement form. Prepaid debit cards are purchased from the District's depository bank. Purchase authorization of these cards is restricted to the Board authorized check signers of the District, consisting of the Board President, Board Vice President, Board Secretary, District Superintendent, and Business Manager. These prepaid debit cards are assigned with a value equal to the maximum allowable meal money. In most cases, the athletic coach requests the card through the Athletic Director. The Business Manager assesses and approves the request when allowable and practical. The Athletic Coach signs off upon receipt of the card, and once returned (with accompanying receipts), the Accounting/Reporting Coordinator verifies the amounts spent with an online transaction history available to each card. In certain cases, there may be a need to provide cash to students for "meal money" e.g. an all day wrestling tournament hosted at a school without credit authorization machines. In such case, the District has implemented a student sign-off form acknowledging receipt of the applicable Board approved "meal money" amount. In addition to these safeguards, an "Athletic Fund Report" is to be signed by and submitted to the Board by the Athletic Director and the Business Manager for monthly review and approval.

(D) **ALLEGATION NO. 3:**

GALICKI FAILED TO EXERCISE PROPER CONTROL OVER THE HIGH SCHOOL TESTING ACCOUNT, A SUB-ACCOUNT WITHIN THE ACTIVITIES ACCOUNT.

The District concurs with Allegation No. 3 and Finding III in support of the allegation, based upon certain admissions made by Frank P. Galicki, formerly Principal of Dallas Senior High School (now Superintendent of the District), as follows:

- (a) On February 28, 2008, Mr. Galicki admitted to the Bureau Auditors that he and Jack Wolensky agreed to use the Princeton Review/PSAT fees as a fundraiser, as was proposed to him by

John Wolensky in 1997 (SEE: Report, Page 10 and Page 45); and

- (b) On December 12, 2008, Mr. Galicki, in the presence of his personal lawyer, admitted that he neither complied with the Board Policy No. 618 regarding fundraising accountability nor did he provide any accounting of fundraising funds derived from the collection of Princeton Review/PSAT fees to the Board or to any person or entity at any time. He admitted that he gave John Wolensky approval to write checks drawn upon the account of the District's "Student Activities Account" to the District PSTO to be used for certain scholarships. Further, he admitted that he approved the use of Princeton Review/PSAT fees to pay for an annual trip to Virginia by the District baseball team. (SEE: Report, Page 47 and Page 48).

There is no available satisfactory evidence in any form that Mr. Galicki informed the Board, parents or students of Dallas Senior High School at any time that the Princeton Review/PSAT fees received by the District included, in part, a fundraising component for the benefit of the boy's varsity baseball team and the grant of certain academic achievement scholarships to graduating students.

The fundamental issue in respect to the wrongful conduct of Mr. Galicki is properly attributed by the Department of Auditor General, Office of Special Investigations, to his violation of a provision of the Pennsylvania Public School Code and District Policy No. 618 (Special Purpose Funds). Section 511 of the Pennsylvania Public School Code provides that the Board of School Directors in every school district shall "prescribe, adopt and enforce" reasonable rules and regulations relating to, among other things, "raising and distributing funds for any or all such purposes and for scholarships ...". In compliance with this statute, the District subsequently promulgated District Policy No. 618 (Special Purpose Funds) "to establish financial supervision and controls for administering various activities that comprise special purpose funds ... using the name of the school".

It is noted by the District that, although apparently complicit with the Jack Wolensky in the breach of the Pennsylvania Public School Code and the District special funds policy, there is no evidence that Mr. Galicki realized any personal financial gain or benefit or any other form of *quid pro quo* as a result of his involvement in the criminal scheme of John Wolensky to misappropriate District funds or District related funds.

(E) RECOMMENDATIONS OF THE OFFICE OF SPECIAL INVESTIGATIONS OF THE DEPARTMENT OF THE AUDITOR GENERAL BASED UPON ALLEGATION NO. 3 AND FINDING III OF THE REPORT.

(1-A) The District will undertake promptly to amend District Policy No. 618 (Special Purpose Funds). Such amendments shall essentially include, but shall not be limited to, the prior approval by the Board of all activities in the nature of a fundraiser in any school building in the District and adequate and appropriate disclosure by the Administration to all students, parents, and professional staff of any fundraising activity in any school building in the District before any such fundraising activity commences. Each advisor and/or designated School Officer shall prepare a signed report of all fundraising activities overseen by him or her, which report shall be submitted for review and approval to the building principal by June 1 annually. The aforesaid report of fundraising activity shall list all of the fundraising activities of all student organizations engaged in such activities in a school building, together with the purpose for which such funds are raised. The aforesaid report will be submitted to, approved by, signed by the Building Principal, and, thereafter, submitted to the Board for review and approval prior to June 30 annually. A copy of the Board approved report shall be maintained on permanent file in the offices of the Building Principal, the District Business Officer, and the Superintendent; and

(1-B) The Board shall do all things necessary to continue to comply with all recommendations stated in the Bureau of School Audits regarding student activity funds, as more particularly set forth at Pages 28 and 29 of the Report; and

(2) Prior to the commencement of each school year, the Office of the Superintendent shall request and secure a written document ordering compliance with amended District Policy No. 618 (Special Purpose Funds) to be signed by all District administrators and those employees who, in the course of their regular school related activities, may be involved in fundraisers during the school year. No District employee may participate in any fundraiser, unless he or she signs the aforesaid document. All signed documents shall be maintained on file in the Office of the Superintendent.

(3) The Board shall take appropriate disciplinary action against Superintendent Frank P. Galicki based upon his acknowledged violation of the Pennsylvania Public School Code and District Policy No. 618 (Special Purpose Funds). Additional deliberation and consideration of such specific appropriate disciplinary action by the Board will occur subsequent to the mandated time for the submission of this reply to the Report. A final decision in this regard shall be made by the Board, however, no later than August 31, 2010. The Department of the Auditor General, Office of Special

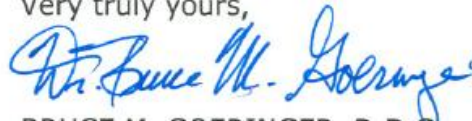
Investigations shall be promptly notified of the Board's final written decision in this respect. It is requested that such written decision shall be made a part of this reply to the Report as a supplement thereto. The District seeks the indulgence of the Department of the Auditor General Office of Special Investigations in this regard.

CONCLUSION:

The District appreciates the thoroughness and professionalism of the Department of the Auditor General, Office of Special Investigations, in the conduct of its investigation of the misappropriation of funds by John Wolensky. The thoroughness with which the audit and investigation were conducted is commendable. Much of the information provided in the Report was unknown to the Board, because very little information pertaining to the operative facts of the criminal activities of John Wolensky were never shared with the District by the law enforcement officers and prosecutors assigned to the investigation and prosecution of John Wolensky's defalcations.

The Board understands that the Department of the Auditor General, Office of Special Investigations, may follow-up this matter at appropriate time(s) to determine if its recommendations have been satisfactorily implemented. To this end, Dallas School District and its Board of School Directors will cooperate with the Department of the Auditor General, Office of Special Investigations, in any subsequent action that may be required.

Very truly yours,



BRUCE M. GOERINGER, D.D.S.
President of Board of School Directors
Dallas School District

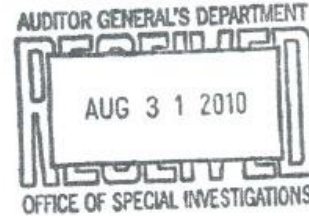
DALLAS SCHOOL DISTRICT
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Dr. Paul M. Reinert, Ph.D.
Assistant Superintendent

Frank P. Galicki
Superintendent

Grant S. Palfey
Business Manager

August 30, 2010



Mr. Jeffrey H. Gribb
Director
Office of Special Investigations
Commonwealth of Pennsylvania
Department of the Auditor General
327 Finance Building
Harrisburg, PA 17120-0018

Dear Mr. Gribb:

This letter is a supplement to the letter of Dallas School District ("District") dated July 29, 2010, which was in response to *The Special Investigation of Dallas School District, Luzerne County, Pennsylvania* ("Report") issued by the Office of Special Investigations ("OSI") and served on the District on or about June 22, 2010.

In its response to the Report, the District requested the indulgence of your office to grant an extension of time to the Board of School Directors to address and to deliberate more thoroughly the issue of the recommendation of the OSI to "take appropriate disciplinary action against Galicki".

We thank you for your courtesy in granting the requested extension of time to the District for the above purpose.

At a properly convened executive session held on August 24, 2010, a majority of the members of the Board of School Directors of the District voted to subject Frank P. Galicki, Superintendent of the District, to the following appropriate disciplinary actions:

- (a) To deny Mr. Galicki any increase in his salary for the school year 2010-2011, a period of one (1) year, over the present salary being paid to him during the school year 2009-2010 pursuant to an extension of the Agreement of Employment between Mr. Galicki and the District; and

Mr. Jeffrey H. Gribb
August 30, 2010
Page 2

- (b) To order Mr. Galicki to do all things necessary to disassociate himself completely from the Wyoming Valley Baseball League, including, but not limited to, his resignation of any office of the Wyoming Valley Baseball League, now held or hereafter to be held by him. This order shall endure for the remaining term of his office as Superintendent of the District.

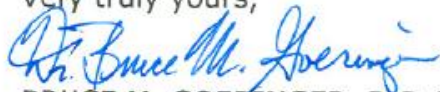
I have been directed to inform you that two (2) members of the Board of School Directors, present and voting, did not concur in the decision of the majority of the Board of School Directors. These two (2) school directors are of the opinion that, upon the basis of the allegations and the findings stated in the Report:

- (a) They have no confidence in Mr. Galicki's ability to perform satisfactorily the duties of his office as Superintendent of the District; and
- (b) They believe that Mr. Galicki should be discharged as Superintendent of the District at the conclusion of the present school year.

Accordingly, the District respectfully requests that this letter be accepted by the OSI as a supplement to the CONCLUSION (Page 7) stated in the reply of the District to the OSI, which was delivered to the OSI on or about July 30, 2010.

The Board of School Directors of Dallas School District thanks the OSI for its courtesy and attention.

Very truly yours,



BRUCE M. GOERINGER, D.D.S.
President of Board of School Directors
Dallas School District

BMG/am

**DEPARTMENT OF THE AUDITOR GENERAL'S COMMENTS ON
DALLAS SCHOOL DISTRICT'S RESPONSE TO DRAFT REPORT**

We commend the Board of School Directors for agreeing to implement all of our recommendations, and we are especially impressed with the comprehensive nature of the measures that the Board has taken or plans to take to recover the money that was misappropriated and to ensure that the District is not similarly victimized in the future.

The Department of the Auditor General will follow up at the appropriate time to determine whether our recommendations have been fully implemented.

DISTRIBUTION LIST

This report was distributed initially to the following:

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United States Attorney
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Colonel Frank E. Pawlowski
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Pennsylvania State Police

Troy Stemen
Acting Special Agent in Charge, Philadelphia Field Office
Internal Revenue Service-Criminal Investigation

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