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Title: Without Job or Recourse: -

Whistle-blower paying price after spotting boss' alleged improprieties

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Shelley Scott feared she might be jeopardizing her job as director of finance at the Champaign-Urbana Public Health District when she blew the whistle on thousands of dollars in suspected financial improprieties by her boss.

She was right. Two weeks later, on May 11, Scott, a certified public accountant who had worked for the health district for roughly 18 months, was out of a job.

Versions differ between Scott and the three-member health district board about what happened. The health district contends she resigned. Scott, who lives in Mahomet and is married to a Champaign-based FBI agent, insists she was fired in retaliation for reporting misdeeds that prompted board members to place health district executive director Vito Palazzolo on paid leave while they investigated.

The health district board has scheduled an Aug. 6 meeting to discuss Palazzolo's future. The board also could request a criminal investigation of questionable spending decisions he made while heading the district from January 2006 to May 2007.

Palazzolo is collecting nearly \$9,300 a month while on paid leave. Meanwhile, Scott recently was found eligible for unemployment compensation based on her claim of discharge. The health district board voted this week to appeal the state's decision to award Scott unemployment compensation.

The swirl of events has left Scott disappointed but philosophical about her decision to report the suspected misdeeds.

"I don't see that I had any alternative," she said.

But she also is concerned that the public will not receive a full accounting of what transpired during Palazzolo's tenure at the health district and is determined not to let that happen.

"Now what I think is that they still need to be held accountable," Scott said, referring to health district operations.

The health district board is made up of C. Pius Weibel, chairman of the Champaign County Board; Linda Abernathy, supervisor of the City of Champaign Township; and Carol Elliott, supervisor of Cunningham Township.

They were the recipients of an anonymous letter that arrived in late April along with a thick stack of supporting documents alleging Palazzolo had engaged in a variety of financial misdeeds:

- Using his district-issued credit card for personal expenditures, including numerous meals and frequent coffee outings to Cafe Kopi and Starbucks.
- Violating health district policy by purchasing high-end items, including a pickup truck for his personal use, without authorization by the district's board. Board members also are investigating suggestions that Palazzolo used his district credit card to purchase fuel for the truck as well as a \$619 tool kit.
- Making questionable purchases of two big-screen, high-definition televisions for the conference room and his personal office at district headquarters for "emergency response," and then trying without success to obtain satellite television programming from DISH Network.

The Champaign-Urbana Public Health District, whose roughly \$8 million budget is supported by property taxes, grants and fees, offers an array of services including investigating outbreaks of disease, providing health and dental services to low-income individuals and families and inspecting restaurants. Through a contractual arrangement with the county board, it also fulfills the responsibilities of the county's board of health. It's located at 201 Kenyon Road, C.

Scott said while she worked there, she noticed a number of what she suspected to be inappropriate uses of taxpayer money by Palazzolo, and it reached the point where she had to report it. Scott said she "tried to do it" anonymously in late April because she feared losing her job.

"I thought it would give me some kind of plausible deniability that would somehow salvage my job in the long run," Scott said.

However, board members quickly realized she was the likely source of the information and sought her out for assistance. Scott said she felt reassured after discussing the matter with Elliott, and the chairwoman of the board expressed her appreciation to Scott for bringing the issue to the board's attention.

Palazzolo quickly learned of the board's probe and just as quickly learned who was responsible.

That made the first week of May tough for Scott, who said Palazzolo sought to rally support from health district employees by bad-mouthing her to co-workers and transferring employees who had been under her jurisdiction to his jurisdiction. The transferred employees included those from information technology who had access to the credit card billing records that had placed Palazzolo's job in jeopardy.

Palazzolo was not available for comment. He declined to return calls placed to his district-issued cell phone.

In a May 4 e-mail to Elliott, Scott said she was resigning "effective immediately" because Palazzolo had made her life at work miserable.

"He has blamed me for the events that unfolded (May 3), and he has created a hostile and offensive work environment that cannot help but to interfere with my work performance. He has now met with all of the employees who were requested to talk with the CUPHD board yesterday and has made efforts to damage both my professional and personal credibility," Scott wrote.

This is where versions start to differ.

Scott said she was asked by Elliott if she would remain on the job if Palazzolo was placed on leave, and she agreed to do so. Palazzolo was placed on leave that day, but Elliott said that there was no such agreement for Scott to remain.

"(The resignation) wasn't mutually rescinded," Elliott said.

Despite the district's stance that Scott's resignation, "effective immediately," was accepted, Scott returned to work the next week at the health district. She said she received a cold shoulder from co-workers loyal to Palazzolo and received from acting executive director Julie Pryde both demeaning requests and major work assignments to be quickly completed.

"Please provide me with your keys, and any copies, to the east entrance of the Kenyon Road facility. The administration suite area is going to be secured," Pryde wrote at 11 a.m. May 9 to Scott and Staci Ohlsson, Palazzolo's administrative assistant.

"(Board member) Linda Abernathy has requested that you provide her with copies (of) credit card receipts for all of the credit card holders at CUPHD, for the same period that you submitted to her from Vito," Pryde wrote Scott at 12:13 p.m. May 9.

Less than two hours later, at 2:48 p.m., Pryde e-mailed Scott again with another request: "Please plan to present the proposed FY 2008 budget to all directors Thursday at 9 a.m.... Please include a historical perspective for every CUPHD division."

That same day, Scott wrote to Elliott to complain about what she perceived as the retaliatory treatment she received at work.

"Monday, I returned to work, much to the surprise of many people, since they were somehow aware of my resignation. Since then, the situation for me has not improved and, in fact, continues to make any type of effectiveness in my position ... difficult and very likely, impossible in the long run," Scott wrote.

She told Elliot that the "IT and maintenance staff have been removed from my supervision" by Pryde.

"Friday, I had 11 staff members who reported to me, by Monday that number was reduced to five. At no time have I been asked to participate in this decision-making process, nor have I been given any reasons for these decisions. Again, this is clearly unusual, clearly outside of CUPHD's usual and customary procedures, and in my opinion, clearly retaliatory in nature," Scott wrote.

But that was nothing compared to what happened May 11, when she was given a letter by Pryde.

"This is to inform you that your resignation dated May 4, 2007 was effective on the day it was tendered. As you were at Champaign-Urbana Public Health District part of this past week, you will be paid for the entire week," Pryde wrote.

Scott said she was stunned by the letter.

"I really didn't think my job was in jeopardy ... especially after my conversation with Carol Elliott," she said.

Then, Scott thought she had legal recourse for retaliatory discharge. But she learned differently after her lawyer, Glenn Stanko of Champaign, researched the issue.

Stanko said there is no whistle-blower protection available because "any local governmental body" has immunity from such lawsuits.

"Scott turns the guy in for allegedly stealing, and she ends up getting hammered. It stinks," Stanko said.

Health district lawyer Fred Grosser declined to discuss the specifics of the dispute over the resignation. However, he cited the district's contention that Scott's resignation was not mutually rescinded and noted that the board has challenged Scott's right to collect unemployment compensation based on her claim of dismissal.

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Caption:

B&W headshot photo

PALAZZOLO

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