

Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

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May 11, 2004

Dr. William E. Shelton, Interim Chancellor
East Carolina University
East Fifth Street
Greenville, North Carolina 27858-4353

Dear Dr. Shelton:

In February 2004, we received an allegation through the State Auditor's Hotline that an employee of East Carolina University's Health Sciences Library was operating an Internet-based football gambling pool from his library office.

We have completed a special review of this allegation. The following findings and recommendations are based on interviews with employees of East Carolina University (University), inspection of University assets, review of North Carolina General Statutes and University policies, and examination of relevant documents and records.

Use of University Assets to Facilitate Gambling

In January 2004, University officials also received an allegation that a Health Sciences Library employee (the Library employee) was operating an Internet-based football gambling pool from his office. In response to this allegation, University officials examined two computers assigned to the Library employee.

The University's examination of a notebook computer assigned to the Library employee revealed the existence of *Microsoft Excel* and *Microsoft Access* files with the names "2003 football pool.xls" and "football pool.mdb". An external computer firm's examination of the notebook computer's hard drive confirmed it contained these files as well as other files related to football and sports. The external firm also discovered a *Microsoft Publisher* file named "2003 Super Bowl Invitation.pub" and a *Microsoft Access* file named "tiebreakers.mdb" among numerous other files with similar names and references.

In response to the discovery of these files, University officials conducted an interview with the Library employee. According to the Head of Information Technology Services for the Laupus Health Sciences Library, the Library employee acknowledged operating a "small betting pool" but "never did this on work time". We began our review of this matter before University officials undertook any additional action.

In our interview with the Library employee, he expanded on his admission of operating a football gambling pool. The Library employee acknowledged using a University notebook computer, fax machine, copier, and paper to facilitate the operation of an Internet-based football gambling pool. The Library employee also acknowledged using a University mailbox to receive cash from a participant in the football pool.

The Library employee said the football pool operated in a traditional manner except that the “pick sheets” for the games, point spreads, announcements, participant standings, and other records were maintained on an Internet website owned by a private Internet service provider (see Exhibit 1). The Library employee said he used his University notebook computer to update files on the Internet website from week to week. In our examination of the Internet website, we confirmed that files discovered on the University notebook computer were identical to pages found on the football pool website containing the Library employee’s name. We also confirmed that the Internet website for the football pool was maintained on a computer server owned by a private Internet service provider.

The Library employee said the football pool had 30 participants who used weekly “pick sheets” from the Internet website to select winners in 15 NCAA and 15 NFL football games each week for 17 weeks during the football season (see Exhibit 2). The Library employee added a level of complexity to the football pool through a requirement of “ranking” each “pick” from 1-30 in relation to a participant’s confidence in their ability to select a winning team. For example, for correctly picking the winning team for a game ranked with a 30, the participant would be awarded 30 points. The Library employee said he used *Microsoft Excel* to track the participant standings for this intricate points system (see Exhibit 3). The cost of participating in the pool was \$2.00 each week with an extra one-time fee of \$3.00 for operating the pool and the end-of-the-season Super Bowl party.

University Policy and State Law

The University’s *Computer Use Policy* permits personal use of computers resources with specific restrictions.

Section III – Permissible Uses

* * *

B. Employees and students may access these technologies for personal uses if the following restrictions are followed:

1. The use is lawful under federal or state law.

* * *

4. The use does not result in commercial gain or private profit (other than allowable under University intellectual property policies).

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The following state law prohibits gambling in North Carolina.

*North Carolina General Statute 14-292 – Gambling.
Except as provided in Part 2 of this Article, any person or organization that operates any game of chance or any person who plays at or bets on any game of chance at which any money, property or other thing of value is bet, whether the same be in stake or not, shall be guilty of a Class 2 misdemeanor.*

Thus, the Library employee's use of a University computer and mailbox in connection with the operation of a football gambling pool appears to have violated the University's *Computer Use Policy* as well as state law.

Recommendations

University officials should take appropriate disciplinary action in accordance with Section VI of the University's *Computer Use Policy*. In addition, University officials should ensure that all University employees, faculty members and students understand the University's *Computer Use Policy* and the consequences of noncompliance.

We are presenting these findings and recommendations for your review and written response. The purpose of the response is to allow you the opportunity to outline any corrective actions taken or planned. We request the delivery of your written response by May 7, 2004.

General Statute §147-64.6(c)(12) requires the State Auditor to provide the Governor, the Attorney General, and other appropriate officials with written notice of apparent instances of violations of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee. In accordance with that mandate, and our standard operating practice, we are providing copies of this management letter to the Governor, the Attorney General, and other appropriate officials.

If you have any questions or wish to discuss this matter further, please contact us. We appreciate the cooperation received from the employees of East Carolina University during our review.

Sincerely,




Ralph Campbell, Jr., CFE

Management letters and responses receive the same distribution as audit reports.

last updated
Fri 1/9/04 9:49 AM

2003 Football Pool

thefootballpool@cox.net
fax (252) 744-3833

Pick Sheets		Standings
Week 1	Week 10	<p>FINAL Standings sorted by Weekly Results FINAL Standings sorted by Yearly Results</p> <p>The Super Bowl party is on Feb 1, 2004. This year you can view the game in High Definition on a 57" TV. Click here for details.</p> <p>If you need Adobe Reader to view the pick sheets, click on the logo </p>
Week 2	Week 11	
Week 3	Week 12	
Week 4	Week 13	
Week 5	Week 14	
Week 6	Week 15	
Week 7	Week 16	
Week 8	Week 17	
Week 9	Super Bowl	

2003 Football Pool - Week 1

This is our 5th annual football pool! We will play 17 weeks and the cost to play is \$2.00 per week. Each week \$1.00 will go into the weekly pool and \$1.00 will go towards the year-end pool. **The first week you play the cost is \$5.00.** (The extra \$3.00 helps pay for the overall cost of running the pool and for the Super Bowl party we host each year.)

Here's how you play:

- We will provide you with a list of 30 games to be played over the weekend and on Monday night. You pick (by circling) who you think is going to win each game and then list them in the order that you are most sure of your pick with #30 being the "sure win" and #1 being the one you are not so sure about.
- Rules on the spread:** The point spread - also called "the line" or "the spread" - is used as a margin to handicap the favorite team. The oddsmaker predicts that the favored team will win by a certain number of points, known as the point spread. The favorite is indicated by the number in the shaded column below. The team listed beside the number is favored to win. If you bet on the favorite, you win your bet if the favorite wins AND their margin of victory is greater than the point spread. If you bet on the underdog, you win if the underdog wins, ties, or if the favored team wins but fails to exceed the point spread.
- Your score will be determined not only by correct picks but also by the order you ranked your correct picks. For example, if you rank East Carolina with #30 and they cover the spread you get 30 points. Your total number of points will be your score for the week. Highest score for the week wins the weekly money. Ties will be broken by correct pick and points placed on Monday Night's NFL® game.
- To win the year-end pool you must have the highest total score for the entire 17 weeks. Your two lowest scores will be dropped.
- We will prepare the pick sheets by Wednesday. We must have your pick sheet and money by Saturday at noon each week, unless otherwise noted.

NCAA games			
AWAY	RANK		HOME
Boston College		9.5	Penn State
NC State	7.5		Wake Forest
Virginia	2.5		South Carolina
Air Force	7.5		Northwestern
Syracuse	1.5		North Carolina
Washington St		5.5	Notre Dame
Auburn	8.5		Georgia Tech
UCLA		3.5	Colorado
Colorado St		2.5	California
West Virginia	9.5		East Carolina
Maryland		14.5	Florida St
Oklahoma	7.5		Alabama
Florida		14.5	Miami
BYU		21.5	USC
LSU	11.5		Arizona

NFL games			
AWAY	RANK		HOME
New England		1.5	Buffalo
Denver	6.5		Cincinnati
Indianapolis		1.5	Cleveland
San Diego		5.5	Kansas City
Houston		13.5	Miami
St. Louis		1.5	NY Giants
Baltimore		5.5	Pittsburgh
Arizona		4.5	Detroit
Minnesota		5.5	Green Bay
Jacksonville		3.5	Carolina
Chicago		6.5	San Francisco
New Orleans		2.5	Seattle
Atlanta		1.5	Dallas
Oakland		2.5	Tennessee
Tampa Bay		3.5	Philadelphia

Please provide the following information:

First & Last Name: _____

E-mail: _____

Phone: _____

Our e-mail address is:
thefootballpool@mail.com

Website:
<http://footballpool.com>.net

The Fine Print: Every week you should compare the point total you added against the point total that we added. If you feel that we have made a mistake add a note to the current weeks pick sheet and we will look into it. If you make a mistake and rank two teams with the same rank, we will rank both teams with the lowest rank. In other words, if you rank two teams with a 22 and forget to rank a team with a 7, we will rank both teams with a 7. Please double-check your rankings!! We will include all NFL games. The NCAA games will consist of good match-ups and/or local teams. Please remember to report any winnings to the IRS.

Football Pool Standings

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total	Drop	Drop	Avg/Wk	Behind Leader
1	Will C	177	264	255	263	145	182	146	296	220	231	167	237	330	182	269	318	342	3733	146	145	236.7	-545
2	Reid	190	224	191	309	197	309	216	187	196	155	257	260	323	249	298	133	316	3722	155	133	235.9	-556
3	Rob	223	205	305	160	251	322	174	257	245	218	154	208	377	238	314	279	312	3928	160	154	249.5	-350
4	Wil L	223	198	300	187	174	278	206	198	261	199	203	276	311	207	329	282	297	3768	187	174	242.9	-510
5	Dawn	271	230	238	238	197	235	213	246	189	178	179	303	333	253	266	310	295	3817	179	178	245.5	-461
6	Keith	0	213	345	165	210	245	167	237	262	212	126	174	212	310	262	301	288	3603	126	0	233.1	-675
7	Ken	168	251	254	319	187	266	209	305	299	222	198	221	297	242	345	282	285	3995	187	168	255.9	-283
8	Lynn	218	240	221	234	265	240	210	203	207	126	201	207	363	220	372	282	285	3767	201	126	240.8	-511
9	Kenny	281	191	304	172	150	258	204	248	257	181	158	253	365	292	345	278	279	3908	158	150	248.0	-370
10	Barbie	177	241	252	258	217	218	232	247	219	178	232	243	330	288	318	306	269	3870	178	177	248.5	-408
11	Lari	186	228	280	235	202	234	227	284	232	206	293	174	351	310	273	293	268	3916	186	174	251.5	-362
12	Wayne	264	252	283	218	181	270	199	198	229	234	179	302	330	306	334	262	266	3947	181	179	253.4	-331
13	Cindy	209	150	303	226	152	321	220	305	229	217	193	274	320	304	329	304	260	4014	152	150	253.9	-264
14	Susan	194	207	262	244	171	230	248	256	198	216	159	298	301	306	342	261	256	3819	171	159	244.1	-459
15	B. Bonds	0	0	0	0	0	212	244	206	269	171	207	221	362	262	352	246	252	3004	0	0	250.3	-1274
16	Quanisha	197	224	282	327	249	281	224	205	282	181	158	158	246	374	349	301	251	3973	158	158	252.3	-305
17	Matthew	237	202	228	176	215	148	242	168	320	222	192	194	332	268	321	314	239	3702	168	148	236.4	-576
18	Michael G	168	282	222	245	239	280	160	321	225	239	254	197	328	248	322	296	238	3936	168	160	250.8	-342
19	Andy	165	181	287	232	200	220	216	258	210	162	245	258	264	269	350	253	217	3660	165	162	234.5	-618
20	Jim	287	208	192	325	232	337	308	316	227	255	251	240	353	262	337	334	214	4278	208	192	275.2	0
21	Scott	0	262	311	195	205	297	175	250	290	205	202	256	287	328	301	297	0	3861	0	0	257.4	-417
22	Brad	221	246	262	194	241	324	208	235	269	135	172	221	327	258	283	291	0	3752	135	0	242.9	-526
23	Kana	245	137	238	227	194	278	178	263	160	230	143	235	300	214	344	307	0	3556	137	0	230.8	-722
24	Jake	202	212	204	342	171	270	180	213	281	199	235	195	299	369	0	0	0	3372	0	0	240.9	-906
25	Pete	0	207	274	226	201	214	178	293	272	169	196	208	273	275	345	0	0	3331	0	0	237.9	-947
26	Don	228	250	320	237	194	177	238	220	256	0	159	257	276	0	328	0	0	3140	0	0	241.5	-1138
27	Jeff	188	150	241	162	192	248	228	230	219	0	127	217	310	0	324	291	0	3127	0	0	223.4	-1151
28	Michael D	0	171	254	283	210	176	241	258	319	222	93	212	363	301	0	0	0	3103	0	0	238.7	-1175
29	Jonny	281	183	274	170	205	210	199	231	227	152	132	189	302	276	0	0	0	3031	0	0	216.5	-1247
30	Crybaby	0	0	202	0	133	211	225	208	0	0	0	0	330	0	0	0	0	1309	0	0	218.2	-2969
		287	282	345	342	265	337	308	321	320	255	293	303	377	374	372	334	342	4278	208	192	275.2	



Office of the Chancellor
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May 6, 2004

Ralph Campbell, Jr., CFE
State Auditor
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Office of the State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Re: Findings & Recommendations dated April 21, 2004

Dear Mr. Campbell:

This acknowledges receipt of and timely responds to the above-referenced Findings and Recommendations. Based upon our careful review, this respectfully provides the following responses.

Specifically, with respect to appropriate disciplinary action in accordance with Section VI of the University's *Computer Use Policy* ("*Policy*"), this provides assurances that the University plans to take the following corrective action:

- A. Formally recognize that the employee's violation of this *Policy* constitutes "unacceptable personal conduct" under applicable SPA Policies.
- B. Impose appropriate sanctions.
- C. Pursuant to NCGS 114-15.1, report this incident to the North Carolina State Bureau of Investigation for its customary handling.

With respect to ensuring that all University employees, faculty members and students understand the *Policy* and the consequences of noncompliance, this provides assurances that the University plans to take the following corrective actions:

- A. The University's Information Technology Computing Services ("ITCS") website currently contains a message from the University Attorney which explains the *Policy* and the consequences of noncompliance (www.ecu.edu/itcs/policies/). The University Attorney will advise ITCS to modify his message specifically to include gambling as an instance of misuse.
- B. Since implementation of the *Policy*, the University Attorney has distributed on a quarterly basis a message via "ECU Official" Announce that notifies all University employees, faculty member, and students of the *Policy*, and the consequences of noncompliance. The University Attorney intends to continue this practice, and modify his message specifically to include gambling as an instance of misuse.


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C. Advise administrators in charge of new employee, faculty, and student orientations to include an emphasis on the importance of the *Policy* and on the University's expectation that everyone comply fully with it.

I hope that the foregoing responds meaningfully and fully to your Findings and Recommendations dated April 21, 2004. The University takes its *Policy* seriously, and will continue to take steps necessary to distribute it, to enforce it and to monitor compliance. Thank you for your review of the allegation.

Please let me know if you have any questions or if I may provide additional information.

Cordially,


William E. Shelton
Chancellor

cc: Michael J. Lewis
Stacie Tronto
Ben Irons
Dorothy Spencer