

Investigative Report

# Austin Energy Employee Stole City Resources

April 2021



Rodney Stockton, a former inventory control specialist II at Austin Energy, admitted to stealing two nitrogen oxide analyzers, with a combined value of more than \$43,000, from the utility. Our evidence shows that Stockton tried to sell these analyzers online. In addition to the analyzers, Stockton's online seller history shows that he stole and sold over \$87,000 worth of other items from Austin Energy. In total, Stockton stole more than \$130,000 worth of items from the utility.

---

# Contents

Allegation & Background .....	2
Investigation Results .....	3
Exhibit 1: List of Stolen Items .....	5
Appendix A - Subject Response .....	6
Appendix B - Office of City Auditor's Response to Subject Response .....	7
Appendix C - Management Response .....	8
Investigation Criteria .....	9
Methodology & CAIU Investigative Standards .....	10

Cover: Aerial view of downtown Austin, iStock.com/RoschetzkylstockPhoto

---

## Allegation

In April 2019, Austin Energy notified the Office of the City Auditor that one of their employees, Rodney Stockton, submitted a letter of resignation in which he admitted to stealing two nitrogen oxide analyzers valued at more than \$43,000.

---

## Background

Austin Energy's mission is to "safely deliver clean, affordable, reliable energy and excellent customer service." Rodney Stockton was an inventory control specialist II in one of the utility's power plants. In this role, Stockton worked in the power plant's warehouse and was responsible for monitoring and maintaining their physical inventory. On April 8, 2019, Stockton admitted to stealing two nitrogen oxide analyzers in his written letter of resignation to Austin Energy.

---

# Investigation Results Summary

Rodney Stockton, a former inventory control specialist II at Austin Energy, admitted to stealing two nitrogen oxide analyzers with a combined value of more than \$43,000 from Austin Energy. Our evidence shows that Stockton tried to sell these analyzers online. In addition to the analyzers, Stockton's online seller history shows that he stole and sold over \$87,000 worth of other items from the utility. In total, Stockton stole more than \$130,000 worth of items from Austin Energy.

Stockton admitted to stealing the analyzers after the utility took investigative steps, which included staff finding one of the analyzers for sale online. Austin Energy reported the theft to the Austin Police Department. Our report relies in part on work conducted by Austin Energy and the Austin Police Department.

---

## Finding 1 Fraud: Theft of City Resources

In early 2019, Austin Energy received an order of eight nitrogen oxide analyzers needed for their gas turbines. The analyzers cost over \$21,000 each. On March 29, 2019, an employee discovered that two of the analyzers were missing. The next day, utility staff found one of the stolen analyzers for sale online for \$11,200, and Austin Energy filed an incident report with the Austin Police Department. On April 8, 2019, Stockton submitted a letter of resignation in which he admitted to stealing the two analyzers.

As a part of their investigation, the Austin Police Department contacted the online marketplace where the analyzers were listed for sale and received a list of items that had been sold on Stockton's account. The list contained 20 items, in addition to the two analyzers described above, that had been stolen from Austin Energy and listed for sale between July 2018 and March 2019. The combined value of these items was more than \$87,000. According to Austin Energy's analysis, until Stockton stole the analyzers, he had been able to conceal his thefts, because he stole items from the power plant's warehouse that were not frequently used.

Austin Energy staff conducted an inventory search of the warehouse Stockton worked in to determine if other items were missing. In at least two instances, the boxes for the missing items were found on the shelf, but were empty. According to employees we spoke with, Stockton had filled some of the boxes with paper and other items to make them heavy in case someone picked them up. To steal other items, staff found that Stockton increased their order quantity without authorization and stole the extra items.

We compared purchasing, receiving, and inventory documents for Austin Energy items to records of Stockton's online sales. In one instance, Stockton made an entry in the utility's inventory system suggesting he had delivered the warehoused item to be put into use by Austin Energy on the same day he sold one of the same items online. In another instance,

he issued an item from the warehouse shortly after he sold one of the same items online. In both cases, the timeline suggests Stockton listed warehouse items for sale, and then waited for them to be sold online before stealing them from the warehouse and creating a false record that the item had been used by Austin Energy.

---

Investigation Criteria:

Fraud includes, but is not limited to the misappropriation of funds, supplies, or other City resources, through methods including, but not limited to theft, embezzlement, or misrepresentation...

City Code §2-3-5(A)(2)

See *Investigation Criteria* for details

---

In other instances, Stockton appears to have stolen items as the warehouse received them. Twice, Stockton placed an item for sale within a day of the warehouse receiving it. Another time, the warehouse ordered and received three identical items, and Stockton appears to have stolen two. He listed the first of these items for sale just three days after the warehouse received them. Stockton appears to have waited until the first one had sold before listing the second stolen item for sale.

After Stockton resigned, Austin Energy performed a thorough inventory of the power plant's warehouse and identified two additional items with a combined value of more than \$9,000 that were missing from their boxes. We did not find evidence that these items were sold on the same online marketplace as the others, however, and we cannot say with certainty what happened to them.

Exhibit 1 (see next page) contains a full list of the missing items identified by Austin Energy and the Austin Police Department.

According to utility staff, the Austin Police Department recovered the two missing nitrogen oxide analyzers. However, as a result of Stockton's theft, Austin Energy had to ship the analyzers to the manufacturer to be recalibrated at a cost of \$3,050 each.

Since discovering the thefts, staff told us the utility has taken several steps to better secure their inventory. These steps include limiting the number of people who have access to the warehouse and opening boxes to make sure the correct item is in each box when performing inventory checks.

We made multiple attempts to discuss these issues with Stockton, but Stockton ignored our attempts to speak to him.

By using his position as an inventory control specialist to access and steal at least \$130,000 worth of items from Austin Energy, Stockton appears to have violated the following criteria:

- City Code §2-3-5(A)(2): Fraud
- City Code §2-7-62(J): Misuse of City Resources
- City Code §2-7-62(O): Prohibition on Fraud and Abuse



## Exhibit 1: List of Missing Items

Item	Value	Date listed for sale online	Timeline analysis
Servo position controller	\$3,894	July 6, 2018	Stockton posted this item for sale online roughly three weeks after the utility received it into inventory.
Feeder protection relay	\$2,719	July 6, 2018	
Optical flame detector	\$3,145	July 10, 2018	Stockton removed this item from Austin Energy's inventory the day after it was sold online.
Turbine control boards	Unknown	July 14, 2018	
Input module	\$1,504	August 22, 2018	Stockton removed this item from Austin Energy's inventory five days after it was sold online.
Circuit board	\$10,756	August 24, 2018	
Historian module	\$2,395	August 24, 2018	
Communication module	\$5,095	August 30, 2018	
Processor	\$7,303	October 10, 2018	Stockton posted this item for sale online the day after the utility received it into inventory.
Input module	\$1,504	October 12, 2018	Austin Energy received three of these items on October 9, 2019. Three days later, Stockton posted one of them for sale online. That item was purchased on October 31, 2019. That same day, Stockton posted another one of these items for sale.
Input module	\$1,504	October 31, 2018	
Valve controller	\$2,088	December 11, 2018	Stockton removed this item from the utility's inventory the same day it was sold online.
Power supply	\$12,419	December 20, 2018	
Generator control module	\$9,990	December 27, 2018	
Power supply	\$5,964	January 2, 2019	
Input module	\$1,504	January 24, 2019	Stockton posted these two items for sale online the same day the utility received three of them into inventory.
Input module	\$1,504	January 24, 2019	
Circuit board	\$6,500	January 30, 2019	
Historian module	\$2,395	February 13, 2019	
Communication module	\$5,095	March 15, 2019	
Nitrogen oxide analyzer	\$21,831	Late March/early April 2019	Stockton submitted his letter of resignation on April 8, 2019. In his letter, he admitted to stealing these two items.
Nitrogen oxide analyzer	\$21,831	Late March/early April 2019	
Power supply	\$5,625	Unknown	The utility found these items missing when they conducted a full inventory after Stockton resigned, but we cannot say with certainty what happened to them.
Probe	\$3,405	Unknown	
<b>Total</b>	<b>\$139,970</b>		

Source: Auditor analysis, February 2021

---

## Appendix A - Subject Response



1002 WEST AVENUE  
AUSTIN, TEXAS 78701

TEL (512) 200-3801  
FAX (512) 957-2339

WWW.COFERCONNELLY.COM

April 5, 2021

Re: Subject Response

To Whom It May Concern:

Mr. Stockton has retained the law firm of Cofer & Connelly to assist in this matter. Mr. Stockton does not admit to being responsible for all of the items in the enumerated list on Exhibit 1. He provided a statement to Austin Energy on April 8, 2019. Upon advice of counsel, Mr. Stockton has no further comment for this report.

Please do not hesitate to contact my office with further questions about this matter.

Sincerely,

Rick Cofer  
Attorney at Law  
1002 West Avenue  
Austin, Texas 78701  
Tel: 512-200-3801  
Fax: 512-957-2339  
rick@coferconnelly.com

---

## Appendix B - Office of City Auditor's Response to Subject Response

We have reviewed the subject's response. We believe our findings stand.

## Appendix C - Management Response



### MEMORANDUM

**To:** Brian Molloy, Chief of Investigations, Office of the City Auditor

**From:** Jackie A. Sargent, General Manager, Austin Energy *JAS*

**CC:** Mark Dombroski, Deputy General Manager, Austin Energy  
Stuart Reilly, Chief of Staff, Austin Energy  
Jeff Burton, Director Employee Development, Austin Energy  
Cindy Steffen, Human Resources Manager, Austin Energy

**Date:** April 12, 2021

**Subject:** Draft Investigation Report (IN 19008) re: Rodney Stockton

---

Austin Energy is in receipt of the draft investigation report regarding violations of Fraud, Misuse of City Resources, and Prohibition of Fraud and Abuse by former employee Inventory Control Specialist II Rodney Stockton.

Austin Energy appreciates the work completed by the Office of the City Auditor and the Austin Police Department. Inventory shortages were discovered by Austin Energy, and we immediately referred this matter to the Austin Police Department and gathered information to assist in the investigation. Austin Energy continues to assist in the ongoing criminal investigation. Since the time of this incident, we have put additional inventory control measures in place. As indicated in the report, the respondent in this investigation is no longer employed by Austin Energy.

Should you need additional information, please contact Human Resources Manager Cindy Steffen at 512-322-6249.



---

# Investigation Criteria

## Finding 1

### **City Code §2-3-5(A)(2)(a) & (b) - POWERS AND DUTIES**

FRAUD includes, but is not limited to: the unauthorized use of a City resource for personal gain by deception, including by forgery or by altering a document; [and] the misappropriation of funds, supplies, or other City resources, through methods including, but not limited to theft, embezzlement, or misrepresentation.

### **City Code §2-7-62(J) - STANDARDS OF CONDUCT**

No City official or employee shall use City facilities, personnel, equipment or supplies for private purposes, except to the extent such are lawfully available to the public, or to the extent that facilities, equipment or supplies are allowed to be used in a limited or de minimis manner in accordance with City policy.

### **City Code §2-7-62(O): STANDARDS OF CONDUCT**

A City official or employee may not engage in fraud or abuse, as defined in City Code Chapter 2-3 (City Auditor).

---

## Methodology

To accomplish our investigative objectives, we performed the following steps:

- Reviewed applicable City Code and policy
- Conducted background research
- Reviewed forensic data
- Reviewed purchase data
- Reviewed information provided by the online marketplace
- Reviewed analysis conducted by Austin Energy and the Austin Police Department
- Interviewed Austin Energy staff
- Made multiple attempts to interview the subject

---

## CAIU Investigative Standards

Investigations by the Office of the City Auditor are considered non-audit projects under the Government Auditing Standards and are conducted in accordance with the ethics and general standards (Chapters 1-3), procedures recommended by the Association of Certified Fraud Examiners (ACFE), and the ACFE Fraud Examiner's Manual. Investigations conducted also adhere to quality standards for investigations established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and City Code.

The Office of the City Auditor, per City Code, may conduct investigations into fraud, abuse, or illegality that may be occurring. If the City Auditor, through the Integrity Unit, finds that there is sufficient evidence to indicate that a material violation of a matter within the office's jurisdiction may have occurred, the City Auditor will issue an investigative report and provide a copy to the appropriate authority.

In order to ensure our report is fair, complete, and objective, we requested responses from both the subject and the Department Director on the results of this investigation. Please find attached these responses in Appendix A and C.

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve city services. We conduct investigations of allegations of fraud, waste, or abuse by City employees or contractors.

**City Auditor**

Corrie Stokes

**Deputy City Auditor**

Jason Hadavi

**Chief of Investigations**

Brian Molloy

**Office of the City Auditor**

**phone:** (512) 974-2805

**email:** [AustinAuditor@austintexas.gov](mailto:AustinAuditor@austintexas.gov)

**website:** <http://www.austintexas.gov/auditor>



AustinAuditor



@AustinAuditor

Copies of our investigative reports are available at  
<http://www.austintexas.gov/page/investigative-reports>

*Alternate formats available upon request*