

**IN THE COURT OF CLAIMS  
OF THE STATE OF OHIO**

STATE EX REL., OHIO ATTORNEY  
GENERAL DAVE YOST  
30 E. Broad St., 14th Fl.  
Columbus, OH 43215  
Petitioner,

v.

CITY OF EAST CLEVELAND  
Mayor Lateek Shabazz  
14340 Euclid Ave.  
East Cleveland, OH 44112

Respondent.

Case No.

Judge

**PETITION FOR RECEIVERSHIP**

Now comes Petitioner, Dave Yost, Ohio Attorney General, and brings this petition for the appointment of a receiver over the City of East Cleveland, an Ohio municipal corporation (this “Petition”). This Petition is supported by the Affidavit of Tisha Turner, a certified public accountant with the Local Government Services Section (“LGS”) of Ohio’s Auditor of State Office, attached as Exhibit A hereto (the “Turner Affidavit”). In support of its Petition, Petitioner states as follows:

**INTRODUCTION**

1. The City of East Cleveland (the “City”) is a community with deep history and resilient residents. For more than a decade, the City has operated under fiscal emergency, facing persistent financial challenges that have strained its ability to deliver essential services and maintain lawful operations. Despite oversight mechanisms and periodic interventions, the City has failed to achieve the structural reforms necessary to restore fiscal stability.

2. The 136<sup>th</sup> General Assembly recently passed and the Governor then signed House Bill 96, which among other things amended Chapter 118 of the Revised Code. The newly added

R.C. § 118.29 now authorizes the creation of a receivership and the appointment of a receiver over a municipal corporation, county, or township in fiscal emergency.

3. As authorized by R.C. § 118.29, this Petition seeks the appointment of such a receiver. No other Ohio political subdivision has been subject to a receivership action under this newly enacted statute.

4. A receivership offers the City the opportunity to reform its financial operations, enforce compliance with state law, and rebuild trust in the institutions that serve its people, and it will facilitate the City's return to stability and fiscal soundness.

### **PARTIES, JURISDICTION, AND VENUE**

5. Respondent is the City of East Cleveland, a municipal corporation under the laws of the State of Ohio, which operates under its own charter.

6. Petitioner is the State of Ohio, acting by and through its Attorney General, Dave Yost, as authorized by R.C. § 118.29(B), upon referral from the Auditor of State, which is the “financial supervisor” as that term is defined in Chapter 118 of the Ohio Revised Code (the “Financial Supervisor”). *See* R.C. § 118.01(P).

7. Jurisdiction and venue are proper under R.C. § 118.29(B), which requires this Petition to be filed in the Court of Claims in Franklin County, Ohio.

### **BACKGROUND**

#### **A. The Declaration of Fiscal Emergency, Governance of the City, and Establishment of the Commission**

8. On October 9, 2012, the Auditor of State issued a Declaration of Fiscal Emergency (the “Emergency Declaration”), which declared the City to be in a state of fiscal emergency under R.C. § 118.023(C) (the “Fiscal Emergency”), attached as Exhibit B hereto. The City has been in a state of fiscal emergency for a continuous period of more than thirteen years, and the Emergency

Declaration has never been terminated in accordance with Chapter 118 of the Revised Code. (*See* Turner Affidavit, at ¶ 7).

9. The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative and executive purposes and can preside at Council meetings when the President of Council has not yet been elected. As the chief conservator of the peace, he oversees the enforcement of all laws and ordinances. He also appoints all department heads and executes all contracts, conveyances and evidences of indebtedness of the City.

10. Legislative authority is vested in a five-member council, consisting of three members elected from individual wards and two members elected at large. All council members serve four-year terms. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money and accepts bids for materials and services and other municipal purposes.

11. Upon entering Fiscal Emergency, the Financial Planning and Supervision Commission for the City of East Cleveland (the “Commission”) was established as required by R.C. § 118.05. (*See* Turner Affidavit, at ¶ 6). The Commission is comprised of the Mayor of the City, Council President or designee, three appointed members with financial knowledge and experience and who either reside or work in the City, the Treasurer of State or designee, and the Director of the Budget and Management or designee.

12. While in Fiscal Emergency, the City is required to submit to the Commission and update annually a financial plan (the “Financial Plan”). R.C. § 118.06. The Commission is vested with oversight authority to monitor and enforce compliance with the Financial Plan, budgetary laws, and fiscal emergency statutes. Its role is supervisory, not administrative, and it does not replace the City’s elected officials but instead provides oversight to ensure that their actions conform to state law and the recovery framework.

13. The Commission is also responsible for approving or rejecting the Financial Plan. If the City has failed to submit a financial plan or an updated financial plan, or the Commission finds that the Financial Plan does not meet statutory requirements, the Commission may impose an 85% expenditure cap. R.C. §§ 118.06(E), 118.12(A).

14. While the Mayor and Council retain their roles as the executive and legislative authorities of East Cleveland, their fiscal actions are subject to Commission oversight. The officials of the City are responsible for implementing the Financial Plan and ensuring that expenditures are lawful and within appropriated limits. Pursuant to R.C. § 118.13(A) and (C), the Council retains its legislative authority to pass budgets and appropriations, but those actions must align with the Financial Plan.

15. The Commission does not govern the City's day-to-day operations, but serves as a check on the City's financial decisions. When the Mayor or Council acts outside the scope of the Financial Plan, fails to comply with budgetary statutes, or exceeds imposed spending limits, the Commission, or the Financial Supervisor as appropriate, is empowered to report violations and recommend corrective action. The City's failure to cooperate with the Commission or implement its directives can give rise to the conditions warranting the creation of a receivership pursuant to R.C. § 118.29.

#### **B. The Financial Supervisor's Determinations Under R.C. § 118.29(A)(2)**

16. On September 30, 2025, Petitioner received a referral for the creation of a receivership and appointment of a receiver from the Auditor of State in its capacity as Financial Supervisor.

17. The Financial Supervisor may make such a referral if a municipal corporation has been in a state of fiscal emergency for a continuous period of ten years and if it determines that a municipal corporation has demonstrated one or more of the following:

- (a) Failure to comply with the applicable budgetary and spending processes in Chapter 5705. of the Revised Code;
- (b) Failure to ensure that appropriations comply with the financial plan in accordance with section 118.13 of the Revised Code;
- (c) Assuming debt without the approval of the financial planning and supervision commission in violation of section 118.15 of the Revised Code; or
- (d) Undertaking administrative or legislative action that is not in accordance with the terms of the financial plan or, when applicable, without permission of the commission.

R.C. § 118.29(A)(2).

18. The Financial Supervisor made its referral because East Cleveland has been in a state of fiscal emergency for a continuous period of 13 years and based upon the following determinations under R.C. 118.29(A)(2)(a) and (d).

**C. R.C. 118.29(A)(2)(a): The City failed to comply with the applicable budgetary and spending processes in Chapter 5705 of the Revised Code.**

19. R.C. § 5705.09 requires municipal corporations to establish certain funds. Under R.C. § 5705.39, the “total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals.”

20. In fiscal year 2023, the City’s appropriations exceeded certified revenues for several funds in violation of R.C. § 5705.39. (*See* Turner Affidavit, at ¶ 9).

21. In fiscal year 2024, the City’s appropriations exceeded certified revenues for several funds in violation of R.C. § 5705.39. (*See* Turner Affidavit, at ¶ 10).

**D. R.C. 118.29(A)(2)(d): The City undertook administrative or legislative action that was not in accordance with the terms of the financial plan or, when applicable, without permission of the Commission.**

22. Within 120 days after the first meeting of the Commission, the City is required to submit to the Commission a detailed financial plan that sets forth the path the City will follow to eliminate the fiscal emergency conditions. R.C. § 118.06(A). The financial plan is required to be updated annually by the City. R.C. § 118.06(B). After consulting with the Financial Supervisor, the Commission is required to either approve or reject the initial financial plan or any subsequently submitted updated financial plan. R.C. § 118.06(B). If the Commission rejects a financial plan, the City is required to submit another plan within 30 days. R.C. § 118.06(B). If the City does not submit a financial plan within the time required, the City is prohibited from expending more than 85% of the expenditures from each fund that were made in the preceding fiscal year (“the 85% limitation”). R.C. § 118.12(A). After submission of a proposed financial plan, and until it is approved or disapproved, no expenditure may be made contrary to such proposed financial plan. R.C. § 118.12(B). If a financial plan is disapproved, no expenditure may be made that is inconsistent with the reasons for disapproval, and if a revised financial plan is not timely submitted, expenditure limits may be imposed upon the City. R.C. § 118.12(C). The Commission may authorize the City to expend an amount higher than the 85% cap if the City justifies need. R.C. § 118.12(A).

23. The City submitted its initial financial plan in 2013, which the Commission approved on September 23, 2013. In subsequent years, the City generally submitted updated financial plans annually. The last updated financial plan submitted by the City that was approved by the Commission was in May 2022.

24. In May 2023, when the next annual update to the financial plan was required, the City failed to submit an updated plan. On June 20, 2023, the Commission imposed the 85%

limitation for failing to submit an updated financial plan. The Commission adopted Commission Resolution 2023-01 which permitted the City to expend in excess of 85% for certain limited purposes.

25. The City failed to submit an additional proposed updated financial plan and on July 9, 2024, the Commission imposed an eighty-five percent spending limitation and rescinded Commission Resolution 2023-01. Spending by the City from that date until December 27, 2024, exceeded the 85% limitation. (*See* Turner Affidavit, at ¶¶ 15–20).

26. On December 27, 2024, the Commission acknowledged receipt of the City's updated financial plan. While that plan was being considered by the Commission, the Commission permitted the City to make expenditures in accordance with the submitted plan. However, on January 21, 2025, the submitted 2024 updated plan was rejected by the Commission. The City failed to submit a revised proposed plan within thirty days. No other updated plan has been submitted by the City to date.

27. From March 2025 through July 2025, the City's spending exceeded the eighty-five percent limitation in several funds. (*See* Turner Affidavit, at ¶¶ 21–26).

28. The City did not obtain permission from the Commission to exceed the 85% limitation for several funds.

#### **RECOMMENDATIONS FOR APPOINTMENT OF RECEIVER**

29. Prior to filing this petition, Petitioner researched potential candidates to serve as receiver over the City. Based upon this research, Petitioner supports the Court's selection of a receiver from the following options: George Shoup of Development Specialists, Inc. and Andrew Simon of Oxford Restructuring Advisors. Each potential receiver has significant receivership experience, is qualified to serve as receiver, and is affiliated with a financial advisory firm that is

capable of handling an engagement of this magnitude. Petitioner has confirmed that each would be willing to serve as receiver in this case and is free of conflicts.

30. Information regarding the qualifications and rates of each potential receiver will be submitted to the Court with the proposed receivership order, in the form of affidavits attached as exhibits to that filing.

31. Subject to separate application and approval, the receiver may seek to retain its firm as financial advisor to the receiver and retain additional professionals, including legal counsel, as the receiver deems necessary to execute its duties.

#### **REQUEST FOR WAIVER OF BOND**

32. Section 118.29(B) provides that a receiver appointed under that section must comply with the requirements of section 2735.03. That section provides that, before the receiver enters upon its duties, it must be sworn to perform its duties faithfully, and, with surety approved by the court, judge, or clerk, execute a bond to such person, and in such sum as the court or judge directs, to the effect that such receiver will faithfully discharge the duties of receiver in the action, and obey the orders of the court therein.

33. A court has discretion to set the bond at zero, effectively excusing the requirement that the receiver execute a bond. *Fifth Third Bank v. Q.W.V. Properties, L.L.C.*, 12th Dist. Butler No. CA2010-09-245, 2011-Ohio-4341, ¶ 31 (finding that, where a court sets the bond at zero, a receiver's failure to execute a bond does not violate Section 2735.03).

34. Here, waiver of the bond is appropriate for two reasons. First, each of the proposed receivers has substantial receivership experience. The Court may take the reputation and experience of the proposed receiver into account when setting a bond. *Am. Ent. Bank v. Garfield Hts. Property, L.L.C.*, 8th Dist. Cuyahoga No. 98646, 2013-Ohio-2526, ¶¶ 31-32. Given these facts, the execution of a bond is unnecessary in this proceeding. Second, the nature of the

receivership in question does not require posting of a bond. Unlike a corporation, a municipality does not have equity owners that might be harmed by the actions of a receiver, and the proposed receiver here will not completely displace corporate management. Instead, the receiver here will co-exist with the legislative authority of the City, the Commission, and the Financial Supervisor.

**COUNT I**  
**(CREATION OF RECEIVERSHIP AND APPOINTMENT OF RECEIVER)**

35. Petitioner incorporates by reference, as if fully rewritten herein, all prior allegations of this Petition.

36. R.C. § 118.29(A) authorizes the Financial Supervisor to make a referral to the Attorney General for the creation of a receivership over a municipal corporation in fiscal emergency if (1) the municipal corporation has been in a state of fiscal emergency for a continuous period of ten years or more and (2) the Financial Supervisor determines that the municipal corporation has demonstrated one or more of the elements listed in R.C. § 118.29(A)(2). R.C. § 118.29(B) requires the Attorney General to petition the Court of Claims for the creation of a receivership upon receipt of such referral.

37. As set forth above, the City has been in a continuous state of fiscal emergency for over thirteen years.

38. As set forth above, the Financial Supervisor determined that the City has demonstrated several of the elements listed in R.C. § 118.29(A)(2), specifically (a) failure to comply with the applicable budgetary and spending processes in Chapter 5705 of the Revised Code, and (d) undertaking administrative or legislative action that is not in accordance with the terms of the financial plan or, when applicable, without permission of the commission.

39. Upon the filing of the Petition with the Court of Claims, the judge that has served the longest on the court as of the date the petition is filed promptly shall appoint a receiver. R.C. § 118.29(B).

40. Because the requirements of R.C. 118.29 have been satisfied as set forth above, the Court should order the creation of a receivership over the City and the appointment of a receiver.

41. By statute, a receiver appointed under R.C. § 118.29 has all the following powers and duties in addition to the powers stated in R.C. § 2735.04:

- (a) Consult with the legislative authority of the City to make recommendations or, if necessary, to assume responsibility for implementing cost reductions and revenue increases to achieve a balanced budget and carry out the financial plan, and to make reductions in force or spending to resolve the fiscal emergency conditions;
- (b) Ensure the City complies with all aspects of the financial plan approved by the commission in accordance with section 118.06 of the Revised Code, or as amended in accordance with Chapter 118. If no financial plan has been approved by the commission in accordance with section 118.06 of the Revised Code, the receiver, after consulting with the legislative authority of the municipal corporation, board of county commissioners, or board of township trustees, shall make recommendations, or assume, if necessary, the responsibility for crafting and submitting the financial plan to the financial planning and supervision commission.
- (c) Ensure the City complies with any other relevant aspects of Chapter 118;
- (d) Provide monthly, written reports about the progress toward resolving the conditions of fiscal emergency to the Commission, to the legislative authority of the City, and to the mayor or city manager of the City;
- (e) Appear at least quarterly to present information about progress toward resolving the conditions of fiscal emergency at an open meeting and, if allowable under R.C. § 121.22, in executive session, of the legislative authority of the City;
- (f) Appear at least quarterly to present information about progress toward resolving the conditions of fiscal emergency at an open meeting and, if allowable under R.C. § 121.22, in executive session, of the Commission;
- (g) At the Receiver's initiative or upon invitation, attend executive sessions of the legislative authority of the City; and
- (h) Exercise any other powers granted to the receiver by the court necessary to perform the duties stated in R.C. § 118.29.

42. A proposed Order Appointing Receiver is attached as Exhibit C hereto (the “Receivership Order”). In addition to the powers set forth in R.C. §§ 118.29 and 2735.04, the Receivership Order provides for the following additional powers pursuant to R.C. § 118.29(h):

- a. Authority to suspend, renegotiate, or terminate contracts that conflict with the financial plan or contribute to the fiscal emergency conditions. The Receiver is further authorized to restructure debt obligations, subject to approval of this Court, in order to facilitate fiscal recovery.
- b. Authority to freeze non-essential hiring, promotions, and compensation adjustments, unless such actions are approved as part of the financial plan. The Receiver shall have full access to and authority to audit all financial records, systems, and personnel necessary to perform the Receiver’s duties.
- c. Authority to implement internal controls and financial policies to ensure compliance with Chapters 118 and 5705 of the Revised Code. The Receiver may recommend legislative actions to the City Council that are necessary to implement the financial plan or to ensure compliance with applicable law.
- d. Authority to file a petition for relief under chapter 9 of title 11 of the United States Code on behalf of the City, upon the approval of the tax commissioner, in accordance with R.C. 133.36, if such a filing is necessary in order to achieve a financial plan that eliminates the conditions of fiscal emergency within a reasonable time.

43. Petitioner reserves the right to request that the Court modify the terms of the Receivership Order and the powers set forth therein.

**WHEREFORE**, Petitioner asks this Court to enter an Order substantially in the form attached as Exhibit C hereto:

- a. Creating a receivership and appointing a receiver pursuant to Ohio Rev. Code § 118.29(B);
- b. Authoring the receiver to exercise all powers and duties as provided by law and as set forth in the Order;
- c. Authorizing the receiver to request reasonable fees for work performed, including, but not limited to, costs associated with retaining counsel, accountants, or other similar advisors that the receiver considers necessary in the performance of the receiver's duties; and
- d. Granting such other relief as the Court deems just and proper.

Respectfully submitted,

DAVE YOST

Ohio Attorney General

s/ Matthew L. Fornshell

Matthew L. Fornshell [0062101]

John C. Cannizzaro [0085161]

Ice Miller LLP

250 West Street, Suite 700

Columbus, OH 43215

Tel: (614) 462-1085

Fax: (614) 232-6899

Email: [Matthew.fornshell@icemiller.com](mailto:Matthew.fornshell@icemiller.com)

[John.cannizzaro@icemiller.com](mailto:John.cannizzaro@icemiller.com)

*Special Counsel for The Ohio Attorney General*

# EXHIBIT

A

AFFIDAVIT OF TISHA TURNER IN SUPPORT OF PETITION FOR RECEIVERSHIP

STATE OF OHIO )  
                  )  
                  )      SS:  
COUNTY OF CUYAHOGA )

I, Tisha Turner, being first duly cautioned, swear of affirm that I am over the age of eighteen, fully competent to testify, and have personal knowledge of the facts set forth in this Affidavit:

1. Affiant states that she is an employee of the Ohio Auditor of State's office and holds the position of Chief Project Manager in the Local Government Services Section since January 1, 2023.
2. Prior to becoming a Chief Project Manager in the Local Government Services Section, Affiant served as an Assistant Chief Project Manager. Affiant has been an employee of the Auditor of State's office since 1995.
3. Affiant further states that the Ohio Auditor of State is the Financial Supervisor to the Financial Planning and Supervision Commission for the City of East Cleveland.
4. Affiant further states that as Chief Project Manager she has performed the duties assigned to the Financial Supervisor by the East Cleveland Financial Planning and Supervision Commission. To varying degrees, Affiant has been involved with the Financial Supervisor's work involving East Cleveland since late 2012.
5. Affiant further states that East Cleveland is a municipal corporation and was declared to be in fiscal emergency on October 9, 2012.
6. Affiant further states that upon entering fiscal emergency, the Financial Planning and Supervision Commission for the City of East Cleveland was established as required by R.C. § 118.05.
7. Affiant further states that East Cleveland has been in fiscal emergency for a continuous period of more than ten years. Specifically, the 2012 fiscal emergency declaration has remained in continuous effect since 2012, totaling thirteen years to date.
8. Affiant further states that the Financial Supervisor has determined that East Cleveland has failed to comply with the applicable budgetary and spending processes in Ohio Revised Code Chapter 5705. Specifically, in fiscal years 2023 and 2024 the City's appropriations exceeded the total of the estimated revenue available for expenditure as certified by the Cuyahoga County budget commission in violation of R.C. § 5705.39.
9. Affiant further states that Council adopted appropriations for fiscal year 2023 and several exceeded the total of the estimated revenue available for expenditure with respect to the following funds:

- a. FEMA Fund: Council appropriated \$50,000, despite the fund having a negative estimated revenue balance of -\$135,893.50, exceeding its estimated revenue by \$185,893.50.
- b. Community Development Block Grant (CDBG) Fund: Council appropriated \$1,651,868.16, exceeding its estimated revenue of \$1,473,276.34 by \$178,591.82.
- c. COPS Universal Fund: Council appropriated \$335,354.92, exceeding its estimated revenue of \$191,103.84 by \$144,251.08.
- d. Permanent Improvement Fund: Council appropriated \$347,059.00, exceeding its estimated revenue of \$192,305.47 by \$154,753.53.

10. Affiant further states that Council adopted appropriations for fiscal year 2024 and those appropriations exceeded the total estimated revenue available for expenditure with respect to the following funds:

- a. General Fund: Council appropriated \$16,000,000.00, exceeding its estimated revenue of \$10,932,840.46 by \$5,067,159.54.
- b. Reserve Fire Loss Fund: Council appropriated \$30,000.00, exceeding its estimated revenue of \$0.00 by \$30,000.00.
- c. FEMA Fund: Council appropriated \$50,000.00, exceeding its estimated revenue of \$0.00 by \$50,000.00.
- d. American Rescue Plan Fund: Council appropriated \$4,957,453.60, exceeding its estimated revenue of \$4,132,561.78 by \$824,891.82.
- e. CDBG Fund: Council appropriated \$1,661,868.16, exceeding its estimated revenue of \$876,770.98 by \$785,097.18.
- f. COPS Universal Fund: Council appropriated \$335,354.91, exceeding its estimated revenue of \$107,434.42 by \$227,920.49.
- g. Home Program 1999 Fund: Council appropriated \$78,564.72, exceeding its estimated revenue of \$50,579.28 by \$27,985.44.
- h. Local Law Enforcement Fund: Council appropriated \$105,000.00, exceeding its estimated revenue of \$100,964.34 by \$4,035.66.

11. Affiant further states that the Financial Supervisor has determined that East Cleveland has undertaken administrative or legislative action without permission of the commission when the City's expenditures exceeded the 85% limitation in certain funds without obtaining approval from the Commission to expend at a higher per cent.

12. Affiant further states that the City submitted its initial financial plan in 2013, which the Commission approved on September 23, 2013. In subsequent years, the City generally submitted updated financial plans annually. The last updated financial plan submitted by the City that was approved by the Commission was in May 2022.
13. Affiant further states that in May 2023, when the next annual update to the financial plan was required, the City failed to submit an updated plan. On June 20, 2023, the Commission imposed the 85% limitation for failing to submit an updated financial plan. The Commission adopted Commission Resolution 2023-01 which permitted the City to expend in excess of 85% for certain limited purposes.
14. Affiant further states that the City did not obtain permission from the Commission to exceed the 85% limitation for several funds, as set forth in subsequent paragraphs.
15. Affiant further states that specifically, on July 9, 2024, the Commission imposed an eighty-five percent spending limitation after rescinding Commission Resolution 2023-01, which had permitted certain expenses to be excluded from the 85% limitation. Spending by the City from that date until December 27, 2024, exceeded the eighty-five percent limitation as outlined in the paragraphs to follow, without first obtaining the permission of the Commission.
16. Affiant further states that in July 2024, spending by the City exceeded the eighty-five percent limitation in the following funds:
  - a. EMS Fund: The City spent \$97,347.33, exceeding the 85% limitation of \$56,789.97 by \$40,557.36.
  - b. FEMA Grant (Fire Dept) Fund: The City spent \$9,709.74, exceeding the 85% limitation of \$0.00 by \$9,709.74.
  - c. Special Project Court Fund: The City spent \$3,201.11, exceeding the 85% limitation of \$2,118.44 by \$1,082.67.
  - d. COPS Universal Fund: The City spent \$26,087.76, exceeding the 85% limitation of \$8,214.09 by \$17,873.67.
  - e. City Probation Services Fund: The City spent \$4,127.32, exceeding the 85% limitation of \$2,313.00 by \$1,814.32.
  - f. Law Enforcement Trust Fund: The City spent \$4,273.54, exceeding the 85% limitation of \$296.57 by \$3,976.98.
  - g. Bond Retirement Fund: The City spent \$48,738.57, exceeding the 85% limitation of \$0.00 by \$48,738.57.

- h. Employee Withholding Fund: The City spent \$131,596.92, exceeding the 85% limitation of \$20,761.70 by \$110,835.22.
- i. Self Insurance Fund: The City spent \$189,920.86, exceeding the 85% limitation of \$18,510.30 by \$171,410.56.

17. Affiant further states that in August 2024, spending by the City exceeded the eighty-five percent limitation, and the exceptions that the Commission granted, in the following funds:

- a. General Fund: The City spent \$876,892.08, exceeding the Commission's limitation of \$857,477.37 by \$19,414.71.
- b. Street Fund: The City spent \$75,892.62, exceeding the Commission's limitation of \$58,180.22 by \$17,712.40.
- c. Rental Registration Fund: The City spent \$20,151.07, exceeding the Commission's limitation of \$16,671.41 by \$3,479.66.
- d. EMS Fund: The City spent \$187,741.69, exceeding the Commission's limitation of \$111,520.66 by \$76,221.03.
- e. VOCA Fund: The City spent \$15,231.78, exceeding the Commission's limitation of \$14,185.87 by \$1,045.91.
- f. COPS Universal Fund: The City spent \$207,180.04, exceeding the Commission's limitation of \$15,340.81 by \$191,839.23.
- g. City Probation Services Fund: The City spent \$6,190.95, exceeding the Commission's limitation of \$5,452.60 by \$738.35.
- h. Law Enforcement Trust Fund: The City spent \$8,743.04, exceeding the 85% limitation of \$292.31 by \$8,450.73.
- i. Water Capital Improvement Fund: The City spent \$154,298.13, exceeding the 85% limitation of \$0.00 by \$154,298.13.
- j. Employee Withholding Fund: The City spent \$121,508.74, exceeding the 85% limitation of \$12,862.27 by \$108,646.47.
- k. Self Insurance Fund: The City spent \$128,676.71, exceeding the 85% limitation of \$41,402.73 by \$87,273.98.

18. Affiant further states that in September 2024, spending by the City exceeded the eighty-five percent limitation in the following funds:

- a. Street Fund: The City spent \$87,126.14, exceeding the 85% limitation of \$68,717.66 by \$18,408.48.
- b. EMS Fund: The City spent \$163,096.35, exceeding the 85% limitation of \$144,280.67 by \$18,815.68.
- c. American Rescue Plan Fund: The City spent \$122,140.72, exceeding the 85% limitation of \$111,040.01 by \$11,100.71.
- d. VOCA Fund: The City spent \$18,214.40, exceeding the 85% limitation of \$15,536.59 by \$2,677.81.
- e. Law Enforcement Trust Fund: The City spent \$13,765.91, exceeding the 85% limitation of \$11,877.90 by \$1,888.01.
- f. Water Capital Improvement Fund: The City spent \$393,514.90, exceeding the 85% limitation of \$0.00 by \$393,514.90.
- g. Miscellaneous Deposits Fund: The City spent \$100.00, exceeding the 85% limitation of \$85.00 by \$15.00.

19. Affiant further states that in October 2024, spending by the City exceeded the eighty-five percent limitation in the following funds:

- a. Rental Registration Fund: The City spent \$17,943.47, exceeding the 85% limitation of \$9,577.49 by \$8,365.98.
- b. EMS Fund: The City spent \$128,507.55, exceeding the 85% limitation of \$64,038.03 by \$64,469.52.
- c. Special Project Court Fund: The City spent \$2,444.05, exceeding the 85% limitation of \$2,190.10 by \$253.95.
- d. COPS Universal Fund: The City spent \$48,233.31, exceeding the 85% limitation of \$2,004.34 by \$46,228.97.
- e. City Probation Services Fund: The City spent \$4,127.32, exceeding the 85% limitation of \$3,500.96 by \$626.36.
- f. Law Enforcement Trust Fund: The City spent \$57.95, exceeding the 85% limitation of \$39.91 by \$18.04.
- g. Employee Withholding Fund: The City spent \$89,775.51, exceeding the 85% limitation of \$27,636.76 by \$62,138.75.

- h. Self Insurance Fund: The City spent \$82,598.39, exceeding the 85% limitation of \$78,721.80 by \$3,876.59.

20. Affiant further states that in November 2024, spending by the City exceeded the eighty-five percent limitation, or the increased limitation permitted by the Commission, in the following funds:

- a. General Fund: The City spent \$905,661.66, exceeding the Commission's limitation of \$903,446.18 by \$2,215.48.
- b. Street Fund: The City spent \$60,648.84, exceeding the Commission's limitation of \$60,015.07 by \$633.77.
- c. Rental Registration Fund: The City spent \$10,941.92, exceeding the 85% limitation of \$8,494.87 by \$2,447.05.
- d. EMS Fund: The City spent \$102,808.75, exceeding the 85% limitation of \$90,732.33 by \$12,076.42.
- e. Special Project Court Fund: The City spent \$2,596.06, exceeding the 85% limitation of \$2,279.16 by \$316.90.
- f. COPS Universal Fund: The City spent \$27,489.66, exceeding the 85% limitation of \$14,076.97 by \$13,412.69.
- g. City Probation Services Fund: The City spent \$4,127.31, exceeding the 85% limitation of \$3,526.74 by \$600.58.
- h. Law Enforcement Trust Fund: The City spent \$28,749.47, exceeding the Commission's limitation of \$28,684.02 by \$65.45.
- i. Employee Withholding Fund: The City spent \$101,239.56, exceeding the 85% limitation of \$86,148.51 by \$15,091.05.

21. Affiant further states that on January 21, 2025, the Commission rejected the City's financial plan received by the Commission on December 27, 2024. The City had thirty days to submit a revised proposed plan. When the City failed to submit a revised plan within thirty days, the spending limitations were reimposed starting in March 2025. From March 2025 to July 2025, the City's spending exceeded the eighty-five percent limitation as outlined in the paragraphs to follow, without obtaining the permission of the Commission. No other updated plan has been submitted by the City to date.

22. Affiant further states that in March 2025, spending by the City exceeded the eighty-five percent limitation in the following funds:

- a. Reserve Fire Loss Fund: The City spent \$8,181.00, exceeding the 85% limitation of \$0.00 by \$8,181.00.
- b. Street Fund: The City spent \$72,141.89, exceeding the 85% limitation of \$36,953.38 by \$35,188.51.
- c. American Rescue Plan Fund: The City spent \$45,245.13, exceeding the 85% limitation of \$36,202.25 by \$9,042.88.
- d. COPS Grant 2 Fund: The City spent \$3,693.09, exceeding the 85% limitation of \$0.00 by \$3,693.09.
- e. Water Capital Improvement Fund: The City spent \$215,959.22, exceeding the 85% limitation of \$0.00 by \$215,959.22.
- f. Employee Withholding Fund: The City spent \$100,943.10, exceeding the 85% limitation of \$95,957.30 by \$4,985.80.
- g. Self Insurance Fund: The City spent \$74,048.94, exceeding the 85% limitation of \$73,104.19 by \$944.75.

23. Affiant further states that in April 2025, spending by the City exceeded the eighty-five percent limitation in the following funds:

- a. General Fund: The City spent \$1,208,474.08, exceeding the 85% limitation of \$666,769.01 by \$541,705.07.
- b. Reserve Fire Loss Fund: The City spent \$15,201.90, exceeding the 85% limitation of \$0.00 by \$15,201.90.
- c. Street Fund: The City spent \$186,074.82, exceeding the 85% limitation of \$51,938.36 by \$134,136.46.
- d. School Zone Camera Fund: The City spent \$3,246.40, exceeding the 85% limitation of \$0.00 by \$3,246.40.
- e. Rental Registration Fund: The City spent \$21,049.33, exceeding the 85% limitation of \$10,359.83 by \$10,689.50.
- f. EMS Fund: The City spent \$163,286.82, exceeding the 85% limitation of \$94,738.85 by \$68,547.97.
- g. American Rescue Plan Fund: The City spent \$34,418.24, exceeding the 85% limitation of \$29,442.05 by \$4,976.19.

- h. Special Project Court Fund: The City spent \$2,063.45, exceeding the 85% limitation of \$2,019.86 by \$43.59.
- i. Community Development Fund: The City spent \$146,160.56, exceeding the 85% limitation of \$13,268.81 by \$132,891.75.
- j. VOCA Fund: The City spent \$17,179.46, exceeding the 85% limitation of \$9,604.17 by \$7,575.29.
- k. COPS Universal Fund: The City spent \$30,641.05, exceeding the 85% limitation of \$17,637.20 by \$13,003.85.
- l. City Probation Services Fund: The City spent \$4,608.85, exceeding the 85% limitation of \$3,508.21 by \$1,100.64.
- m. Law Enforcement Trust Fund: The City spent \$301.22, exceeding the 85% limitation of \$87.51 by \$213.71.
- n. Water Capital Improvement Fund: The City spent \$873,784.05, exceeding the 85% limitation of \$0.00 by \$873,784.05.
- o. Employee Withholding Fund: The City spent \$133,903.34, exceeding the 85% limitation of \$69,675.53 by \$64,227.81.
- p. Self Insurance Fund: The City spent \$73,494.27, exceeding the 85% limitation of \$68,970.22 by \$4,524.05.

24. In May 2025, spending by the City exceeded the eighty-five percent limitation in the following funds:

- a. General Fund: The City spent \$772,742.70, exceeding the 85% limitation of \$741,236.43 by \$31,506.27.
- b. Street Fund: The City spent \$36,026.66, exceeding the 85% limitation of \$30,694.17 by \$5,332.49.
- c. Rental Registration Fund: The City spent \$15,490.19, exceeding the 85% limitation of \$10,484.83 by \$5,005.36.
- d. Special Project Court Fund: The City spent \$2,229.28, exceeding the 85% limitation of \$2,184.26 by \$45.02.
- e. City Probation Services Fund: The City spent \$4,285.77, exceeding the 85% limitation of \$3,645.85 by \$639.92.

25. Affiant further states that in June 2025, spending by the City exceeded the eighty-five percent limitation in the following funds:

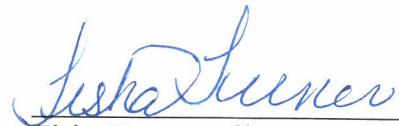
- a. Reserve Fire Loss Fund: The City spent \$46,809.00, exceeding the 85% limitation of \$0.00 by \$46,809.00.
- b. Street Fund: The City spent \$94,115.23, exceeding the 85% limitation of \$56,735.38 by \$37,379.85.
- c. EMS Fund: The City spent \$132,339.95, exceeding the 85% limitation of \$102,289.45 by \$30,050.50.
- d. Arson Dog Grant Fund: The City spent \$5,083.96, exceeding the 85% limitation of \$0.00 by \$5,083.96.
- e. Community Development Fund: The City spent \$121,272.42, exceeding the 85% limitation of \$22,998.99 by \$98,273.43.
- f. VOCA Fund: The City spent \$13,211.51, exceeding the 85% limitation of \$8,662.76 by \$4,548.75.
- g. COPS Universal Fund: The City spent \$18,199.90, exceeding the 85% limitation of \$17,883.75 by \$316.15.
- h. City Probation Services Fund: The City spent \$4,447.31, exceeding the 85% limitation of \$3,370.91 by \$1,076.40.
- i. Law Enforcement Trust Fund: The City spent \$967.95, exceeding the 85% limitation of \$40.76 by \$927.19.
- j. Water Capital Improvement Fund: The City spent \$1,033,075.03, exceeding the 85% limitation of \$387,216.53 by \$645,858.50.
- k. Employee Withholding Fund: The City spent \$113,710.11, exceeding the 85% limitation of \$0.00 by \$113,710.11.

26. Affiant further states that in July 2025, spending by the City exceeded the eighty-five percent limitation in the following funds:

- a. Street Fund: The City spent \$53,773.61, exceeding the 85% limitation of \$24,485.22 by \$29,288.39.
- b. Rental Registration Fund: The City spent \$20,157.81, exceeding the 85% limitation of \$10,820.32 by \$9,337.49.

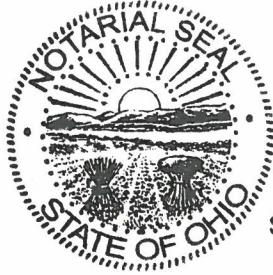
- c. Community Development Fund: The City spent \$25,605.05, exceeding the 85% limitation of \$23,380.91 by \$2,224.14.
- d. VOCA Fund: The City spent \$9,998.35, exceeding the 85% limitation of \$9,035.59 by \$962.76.
- e. COPS Grant 2 Fund: The City spent \$11,565.51, exceeding the 85% limitation of \$0.00 by \$11,565.51.
- f. City Probation Services Fund: The City spent \$4,447.32, exceeding the 85% limitation of \$3,508.22 by \$939.10.
- g. Federal Asset Forfeiture Fund: The City spent \$5.00, exceeding the 85% limitation of \$0.00 by \$5.00.
- h. Water Capital Improvement Fund: The City spent \$1,755,137.98, exceeding the 85% limitation of \$0.00 by \$1,755,137.98.

FURTHER AFFIANT SAYETH NAUGHT.



Tisha Turner, affiant

Sworn to or affirmed before me, MARIE C. KUBAN, this 31<sup>st</sup> day of OCTOBER, 2025.



MARIE C. KUBAN  
Attorney At Law  
NOTARY PUBLIC  
STATE OF OHIO  
My Commission Has  
No Expiration Date  
Section 147.03 O.R.C.



Notary Public

(Affix seal here)

Commission Expiration Date: N/A

# EXHIBIT

B



# Dave Yost • Auditor of State

## DECLARATION OF FISCAL EMERGENCY

Effective January 5, 2012, the Auditor of State declared the City of East Cleveland, Cuyahoga County, to be in a state of fiscal caution in accordance with Section 118.025 (A) of the Ohio Revised Code. The declaration was based on a review of fund financial data at November 30, 2011. The City of East Cleveland had deficit fund balances in the amount of \$5,872,222 and the deficits exceeded two percent of the estimated revenue of those funds by \$5,451,535.

The Auditor of State declared the City of East Cleveland in fiscal watch on May 23, 2012. This declaration was based upon the failure of the City to provide an acceptable proposal for correcting the conditions that prompted the declaration of fiscal caution.

Section 118.023(B) of the Ohio Revised Code requires that within 120 days after a declaration of fiscal watch that the Mayor of the municipal corporation declared to be in fiscal watch submit to the Auditor of State a financial recovery plan that identifies the actions to be taken to eliminate the City's fiscal watch conditions including the approximate dates for beginning and completing the actions, and include a five-year forecast reflecting the effects of those actions. Upon review of the financial recovery plan submitted to the Auditor's office, the Auditor of State has determined that the City of East Cleveland has failed to submit a feasible financial recovery plan for correcting the conditions that prompted the declaration of fiscal watch.

Accordingly, the Auditor of State hereby declares the City of East Cleveland be in a state of fiscal emergency under Section 118.023(C) of the Ohio Revised Code. A copy of this declaration is being submitted to Gary A. Norton, Jr., Mayor, Dr. Joy Jordan, President of Council, Jack Johnson, Director of Finance, and Wade Steen, Secretary of the Cuyahoga County Budget Commission.

A handwritten signature of Dave Yost in black ink.

Dave Yost  
Auditor of State  
October 9, 2012

# EXHIBIT

C

**IN THE COURT OF CLAIMS  
OF THE STATE OF OHIO**

STATE EX REL., OHIO ATTORNEY  
GENERAL DAVE YOST

Petitioner,

v.

CITY OF EAST CLEVELAND

Respondent.

Case No.

Judge

**ORDER FOR RECEIVERSHIP**

**ORDER APPOINTING RECEIVER FOR THE CITY OF EAST CLEVELAND**

This matter is before the Court on the Petition of the Ohio Attorney General, filed pursuant to R.C. §118.29, seeking the creation of a receivership over the City of East Cleveland, Ohio (the “Petition”). The Court, having reviewed the Petition, the Affidavit of Tisha Turner, supporting exhibits, and applicable law, finds that the statutory requirements for the appointment of a receiver have been satisfied.

The Court finds that it has jurisdiction over this matter pursuant to R.C. §118.29(B), which provides that upon referral by the Financial Supervisor, the Attorney General shall file a petition for receivership in the Court of Claims. Venue is proper in this Court under the same provision.

**FACTUAL FINDINGS**

The Court finds that the City of East Cleveland (the “City”) is a municipal corporation organized under the laws of the State of Ohio.

The Court further finds that on October 9, 2012, the Auditor of State issued a declaration of fiscal emergency pursuant to R.C. §118.023(C). That declaration has remained in continuous effect for thirteen years.

The Court further finds that the Auditor of State, in its capacity as Financial Supervisor,<sup>1</sup> referred the matter to the Attorney General pursuant to R.C. § 118.29(A) and (B). The Attorney General, upon receipt of that referral, filed the present Petition in accordance with R.C. §118.29(B), which requires such petitions to be filed in the Court of Claims.

The Court further finds that R.C. § 118.29(A) sets forth the statutory criteria for determining whether the appointment of a receiver is warranted. Under this provision, a receivership may be established if a municipal corporation has been in a state of fiscal emergency for a continuous period of ten years and has demonstrated one or more specified forms of noncompliance with Ohio's fiscal emergency laws as described in R.C. § 118.29(A)(2). These include, among other things, failure to comply with budgetary and spending processes under Chapter 5705 of the Revised Code (R.C. § 118.29(A)(2)(a)) and undertaking administrative or legislative actions that are inconsistent with the financial plan or undertaken without Commission approval (R.C. § 118.29(A)(2)(d)). The Court, having reviewed the Petition, the Affidavit of Tisha Turner, supporting exhibits, and applicable law, finds that the City has been in a state of fiscal emergency for a continuous period of ten years and has committed multiple violations under R.C. § 118.29(A)(2)(a) and (A)(2)(d).

The Court further finds that, pursuant to R.C. § 118.29(F), the statutory conditions set forth in R.C. § 118.29(A)(2) may be applied retroactively in a remedial nature. The Court finds that the violations committed by the City of East Cleveland, including those occurring prior to the effective date of R.C. § 118.29, are properly considered in determining whether the appointment of a receiver is warranted. The remedial application of the statute is consistent with its purpose and legislative intent to provide a mechanism for resolving persistent fiscal emergency conditions.

---

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings as set forth in the Petition.

## RECEIVERSHIP APPOINTMENT

Based on the findings above, and pursuant to R.C. §118.29(B), the Court hereby ORDERS the establishment of a receivership (the “Receivership”) over the City. The Court appoints [ ] as receiver (the “Receiver”). The amount of bond required pursuant to R.C. § 2735.03 is hereby set at \$0.00; therefore the requirement to post a bond is excused. The receiver shall not enter into the performance of duties until the oath has been filed with the Clerk of this Court.

The Court finds that the Receiver satisfies the requirements of R.C. § 2735.02. The Receiver is not a party to this action, nor an attorney for a party, nor a person otherwise interested in the action. The Receiver is a resident of the State of Ohio. The Court further finds that the Receiver is qualified to manage an engagement of this magnitude. The Receiver possesses substantial experience in serving as a receiver and has demonstrated the capacity to administer complex receivership cases. The Court further finds that the Receiver’s background, professional resources, and familiarity with Ohio law render them well-suited to fulfill the duties imposed by this Order and to assist the City in resolving the conditions of fiscal emergency.

The Court hereby ORDERS that the Receiver shall have all powers and duties set forth in R.C. §118.29(C). These include the duty to consult with the legislative authority of the City to make recommendations or, if necessary, to assume responsibility for implementing cost reductions and revenue increases to achieve a balanced budget and carry out the financial plan, and to make reductions in force or spending to resolve the fiscal emergency conditions. The Receiver may ensure that the City complies with all aspects of the financial plan approved by the Financial Planning and Supervision Commission in accordance with R.C. §118.06, or as amended in accordance with Chapter 118. If no financial plan has been approved by the Commission, the Receiver, after consulting with the legislative authority of the City, may make recommendations

or assume, if necessary, the responsibility for crafting and submitting a financial plan to the Commission. The Receiver shall ensure that the City complies with all other relevant aspects of Chapter 118.

The Court further ORDERS that the Receiver shall provide monthly written reports about the progress toward resolving the conditions of fiscal emergency to the Financial Planning and Supervision Commission, to the legislative authority of the City, the Mayor, and the Financial Supervisor. The Receiver shall appear at least quarterly to present information about such progress at an open meeting, and if allowable under R.C. §121.22, in executive session, of both the legislative authority of the City and the Commission. The Receiver may, at the Receiver's initiative or upon invitation, attend executive sessions of the legislative authority of the City. The Receiver may also exercise any other powers granted by this Court that are necessary to perform the duties stated in R.C. §118.29.

The Court further ORDERS that, in addition to the powers conferred by R.C. §118.29, the Receiver shall have all powers set forth in R.C. §2735.04. Under the supervision of this Court, the Receiver may bring and defend actions in the Receiver's own name, take and keep possession of real and personal property, collect rents and other obligations, compromise demands, enter into contracts including contracts of sale, lease, construction, or completion of construction work, sell and make transfers of real or personal property, execute deeds, leases, or other documents of conveyance of real or personal property, open and maintain deposit accounts, and generally perform any other acts that this Court authorizes. The Receiver may sell property free and clear of liens, subject to the procedures and approvals required by R.C. § 2735.04(D).

The Court further finds that the Receiver shall be authorized to request reasonable fees for work performed, including but not limited to costs associated with retaining legal counsel,

accountants, or other similar advisors that the Receiver considers necessary in the performance of the Receiver's duties. Such fees shall be paid from funds appropriated to the Office of Budget and Management during the period of fiscal emergency, as provided in R.C. §118.29(B).

The Court further finds that, in addition to the powers expressly conferred by statute, the Receiver shall be authorized to exercise the following powers, which are necessary to fulfill the Receiver's statutory duties and to resolve the conditions of fiscal emergency:

(a) The Receiver is authorized to suspend, renegotiate, or terminate contracts that conflict with the financial plan or contribute to the fiscal emergency conditions.

The Receiver is further authorized to restructure debt obligations, subject to approval of this Court, in order to facilitate fiscal recovery.

(b) The Receiver is authorized to freeze non-essential hiring, promotions, and compensation adjustments, unless such actions are approved as part of the financial plan. The Receiver shall have full access to and authority to audit all financial records, systems, and personnel necessary to perform the Receiver's duties.

(c) The Receiver is authorized to implement internal controls and financial policies to ensure compliance with Chapters 118 and 5705 of the Revised Code. The Receiver may recommend legislative actions to the City Council that are necessary to implement the financial plan or to ensure compliance with applicable law.

(d) The Receiver is authorized, subject to the approval of the Tax Commissioner and further order of this Court, to petition for relief under Chapter 9 of Title 11 of the United States Code pursuant to R.C. § 133.36, if such filing is necessary to eliminate the conditions of fiscal emergency within a reasonable time.

The Court further ORDERS that the Receiver may inspect, review, and copy any and all books and records pertaining to Receivership property, of whatever nature and wherever located, whether in electronic form or otherwise, in the possession of the City or any other person or entity. The Receiver may request originals when reasonably necessary for administration and require cooperation from custodians of such records. This includes all information regarding the assets, liabilities, revenues, expenditures, and operations of the Receivership Property, including without limitation: financial statements, general ledgers, trial balances, budget reports, statements of cash flows, income statements, and other accounting records; documentation of amounts owed to the City and records of collections and disbursements; inventories and appraisals of City property, equipment, vehicles, infrastructure, and other fixed assets; all bank and financial accounts held or managed by the City in connection with the Receivership property; accounts payable and receivable documentation, vendor contracts, procurement records, and correspondence related to City services or obligations; payroll records, employee benefit information, wage and salary data, tax withholding documentation, and any records related to City personnel; licenses, permits, and regulatory filings relevant to the Receivership Property; federal, state, and local tax filings and related documentation, including any outstanding liabilities or audits; contracts, intergovernmental agreements, leases, insurance policies, and other binding documents affecting the Receivership Property; any other financial or operational records necessary for the Receiver's administration of the Receivership Property; and any document maintained in the ordinary course of City governance or operations with respect to the Receivership Property. All such books and records, together with the Receivership property, are hereby placed in *custodia legis* and are subject to the jurisdiction of this Court and the administration of the Receiver.

The Court further finds that all persons and entities shall be enjoined from interfering with the Receiver's exercise of its duties and powers under the terms of this Order and from initiating or continuing any judicial, administrative, or other proceedings against the City or the Receiver without prior leave of this Court.

The Court shall terminate the receivership when the City has corrected and eliminated all the fiscal emergency conditions determined pursuant to R.C. §118.04, and no new fiscal emergency conditions have occurred.

**IT IS SO ORDERED.**

**JUDGE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_