



CLAIBORNE COUNTY, TENNESSEE

Comptroller's Investigative Report March 22, 2018

Justin P. Wilson, Comptroller





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

March 22, 2018

County Mayor and County Commissioners
Claiborne County
P. O. Drawer K
Tazewell, TN 37879

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of pertinent records of Claiborne County, Tennessee, and the results are presented herein. These findings and recommendations have been reviewed with the district attorney general for the 8th Judicial District.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

CLAIBORNE COUNTY, TENNESSEE

INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

FINDING **We noted questionable transactions by Claiborne County and a Claiborne County Commissioner**



In April 2016, Claiborne County solicited a bid by public advertisement to purchase an excavator with at least 100 horsepower and an 18-foot reach of any brand or model with a price not to exceed \$60,000 for the county sanitation department. On May 3, 2016, the sanitation department purchased a used 2004 Case CX 225 excavator from the cousin of a Claiborne County Commissioner. The

commissioner's cousin was the only bid submitted to the sanitation department. Based on interviews and examination of county records, we identified the following questionable transactions related to the purchase of the excavator:

- A. The county sanitation department purchased the used excavator from the cousin of a Claiborne County Commissioner. Even though the county commissioner abstained from voting to approve the purchase of the excavator, the county commissioner did benefit from the proceeds of the sale. On May 3, 2016, Claiborne County issued a check (\$50,000) to the county commissioner's cousin for the excavator. On May 4, 2016, the wife and daughter of the county commissioner deposited the \$50,000 check into their joint bank account. On May 9, 2016, the daughter transferred \$16,260.75 from the joint bank account to pay a personal loan of the county commissioner. In addition, on May 10, 2016, the daughter transferred \$32,647.29 from the joint account to a joint bank account owned by the county commissioner and his wife.

During an interview with investigators, the county commissioner initially denied receiving money from the county's purchase of the excavator from his cousin, but later admitted he received the money after we confronted him with the bank transactions. The commissioner then stated the funds were owed to him by his cousin from prior business dealings. The county commissioner added that he gave his cousin back most of the excavator sale proceeds in cash installments except for roughly \$7,000 to \$8,000 and the amount paid on the county commissioner's personal loan (\$16,260.75). The commissioner's cousin died

on February 20, 2017, so we were unable to determine the validity of the cash installments allegedly made by the county commissioner. The director of the solid waste department stated he only dealt with the county commissioner (not the cousin) during the process of the county purchasing the excavator. (Refer to the summary table below.) Claiborne County operates under the provisions of the County Financial Management System of 1981.

Section 5-21-121(a), *Tennessee Code Annotated*, states that

The director, purchasing agent, members of the committee, members of the county legislative body, or other officials, employees, or members of the board of education or highway commission shall not be financially interested or have any personal beneficial interest, either directly or indirectly, in the purchase of any supplies, materials, equipment or contractual services for the county.

We found no documentation in which the commissioner disclosed this apparent conflict of interest.

Date	Amount	Disposition
05/03/2016	\$50,000.00	County issue check to commissioner's cousin
05/04/2016	\$50,000.00	County check deposited to joint account of commissioner's wife and daughter
05/09/2016	\$16,260.75	Funds used to pay commissioner's personal loan
05/10/2016	\$32,647.29	Funds transferred from commissioner's wife and daughter's account to account owned by the commissioner and his wife.

- B. The county paid for repairs on the excavator owned by the county commissioner's cousin prior to purchasing it. These repair costs are questionable. On March 31, 2016, the solid waste department paid \$250 to have the excavator hauled to the landfill. In addition, the solid waste department paid \$650¹ to a vendor for repairs to the bucket and boom on the same excavator. It should be noted that the county published the first invitation to bid on April 6, 2016, and that the county did not purchase the excavator until May 3, 2016. The solid waste director stated that he repaired the excavator before his department purchased it because the repairs were needed to ensure that the excavator was functioning properly. Also, the solid waste director stated he had a verbal agreement with the county commissioner that Claiborne County would be reimbursed for the repair costs if the county decided not to purchase the excavator from the commissioner's cousin.

¹ 4/4/16: \$400 and 4/9/16: \$250

RECOMMENDATION

County officials should determine whether the county commissioner violated the conflict of interest statute by receiving compensation from the solid waste department purchasing his cousin's excavator. Repairs should only be made on county-owned assets.