



COMPTROLLER'S INVESTIGATIVE REPORT

South Fork Utility District

January 23, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

January 23, 2024

South Fork Utility District
Board of Commissioners
2800 Highway 421 #5
Bristol, TN 37620

South Fork Utility District Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the South Fork Utility District, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 2nd Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

South Fork Utility District

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the South Fork Utility District. The investigation was initiated after investigators received additional allegations following the release of a separate South Fork Utility District report on April 7, 2022. The new investigation was limited to selected records for the period August 1, 2020, through December 6, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 2nd Judicial District.

BACKGROUND



The South Fork Utility District (SFUD) in Bristol, Tennessee, was created in August 2020 by the merger of the Holston Utility District and the South Bristol-Weaver Pike Utility District. The SFUD provides water service to approximately 3,400 customers in Sullivan County. The SFUD is governed by a five-person board of commissioners who are appointed to four-year terms by the Sullivan County Mayor. The SFUD's daily operations are managed by the district manager.

On April 7, 2022, the Office of the Comptroller of the Treasury issued a SFUD Investigative Report detailing numerous potential conflicts of interest involving the former district manager, questionable transactions, and deficiencies for the period May 2018 through June 2021 (see the April 7, 2022, report [here](#)). After the report was issued, four of the five board members resigned. On December 6, 2022, the SFUD district manager referenced in the April 2022 investigative report resigned.

RESULTS OF INVESTIGATION

- **THE SFUD MADE QUESTIONABLE PAYMENTS TO AN EMPLOYEE'S BUSINESS TOTALING AT LEAST \$148,277.50**

For the period August 4, 2020, through April 15, 2022, the SFUD made payments to a SFUD employee's business totaling at least \$148,277.50. According to the employee, he started the business at the recommendation of former SFUD officials with the sole purpose of employing his father to work as a heavy machinery contractor for the SFUD. The employee stated that his business's only income was payments for SFUD work performed by his father, and all payments

SFUD Payments to Employee's Business	
Year	Total Payments
2020	\$ 59,797.50
2021	\$ 67,645.00
2022	\$ 20,835.00
	<u>\$ 148,277.50</u>

SFUD officials indicated they have corrected or intend to correct this investigative finding.
