



CITY OF NEW JOHNSONVILLE

Special Investigation
October 12, 2015

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

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**Justin P. Wilson
Comptroller of the Treasury**

October 12, 2015

Mayor and Members of the
City Council
City of New Johnsonville
323 Long Street
New Johnsonville, TN 37134

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury, in conjunction with the District Attorney General's Office of the 23rd Judicial District, conducted a special investigation of selected records of the City of New Johnsonville, and the results are presented herein.

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,

Comptroller of the Treasury

JPW/RAD

SPECIAL INVESTIGATION

City of New Johnsonville

The Office of the Comptroller of the Treasury, in conjunction with the District Attorney General's Office of the 23rd Judicial District, investigated allegations of malfeasance related to the City of New Johnsonville.

INVESTIGATIVE RESULTS

- **Mayor Lance Loveless improperly received city-paid supplemental insurance totaling at least \$5,618**

During the period September 2011 through March 2015, Mayor Lance Loveless improperly received insurance coverage paid for by the city totaling at least \$5,618. In August 2011, the mayor applied for two supplemental insurance policies for himself and his spouse from Life Insurance Company of Alabama. In February 2013, Mayor Loveless applied for two additional supplemental policies, for himself and his spouse, offered through American Family Life Assurance Company (AFLAC). Supplemental insurance policies were to be paid 100 percent by the employee through payroll deductions. Mayor Loveless did not have any deductions from his payroll for any of these policies until a newly appointed city recorder noticed the omission and began making the proper deductions. Upon this correction, the mayor promptly canceled all of his supplemental policies. Mayor Loveless told investigators that he applied for and wanted the supplemental insurance coverage from both companies, but said that both companies denied him coverage. Investigators found no evidence that either company denied Mayor Loveless and his spouse coverage. In fact, Mayor Loveless remained covered by both companies until he canceled the policies in early 2015.

Summary of Improper Benefits to Mayor Lance Loveless

Insurance Paid Without Authorization by City	Amount
Supplemental employee & spouse coverage with Life Insurance Company of Alabama	\$ 3,246
Supplemental family coverage with AFLAC	<u>2,372</u>
Total	<u><u>\$ 5,618</u></u>

- **Police officer improperly received supplemental insurance totaling at least \$1,126**

During the period September 2011 through December 2014, a New Johnsonville police officer received insurance coverage paid for by the city totaling at least \$1,126. In August 2011, the police officer signed an application for a supplemental insurance policy for himself from Life Insurance Company of Alabama. Supplemental insurance policies were to be paid 100 percent by the employee through payroll deductions. The police officer did not have any deductions from his payroll for the supplemental policy until a newly appointed city recorder noticed the omission and began making the proper deductions. Upon this correction, the officer promptly canceled his supplemental policy. The police officer told investigators that he did sign the application, but he did not understand he was requesting coverage and never wanted or intended to receive the supplemental insurance coverage.

These matters were referred to the local district attorney general. On October 5, 2015, the Humphreys County Grand Jury indicted Lance Loveless on two counts of Official Misconduct and one count of Theft over \$1,000.

ADDITIONAL ISSUE

Our investigation revealed that city officials failed to reconcile employee supplemental insurance payments with employee payroll deductions. This is a significant deficiency in financial processes that contributed to employees receiving unauthorized benefits.