



**SOUTH PITTSBURG HOUSING AUTHORITY  
AND  
SOUTH PITTSBURG ELDERLY  
HOUSING AUTHORITY**

**Special Investigation**  
December 17, 2015

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**Justin P. Wilson, Comptroller**





**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

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

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December 17, 2015

Members of the Board of Commissioners  
South Pittsburg Housing Authority  
and South Pittsburg Elderly Housing Authority  
P. O. Box 231  
South Pittsburg, TN 37380

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted a special investigation of selected records of the South Pittsburg Housing Authority and the South Pittsburg Elderly Housing Authority, 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

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# SPECIAL INVESTIGATION

## South Pittsburg Housing Authority

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the South Pittsburg Housing Authority and the South Pittsburg Elderly Housing Authority. Previously, this office released a report detailing the initial results of our special investigation. This report sets forth additional issues noted during our investigation. Although they are separate legal entities, each with its own board of commissioners, the two housing authorities share office space and staff.

### INVESTIGATIVE RESULTS

- **Former executive director Terry Case misappropriated South Pittsburg Housing Authority funds totaling at least \$7,000**

From August 2011 through September 2013, former executive director Terry Case requested, received, and transacted fraudulent South Pittsburg Housing Authority checks written to him totaling at least \$7,000. These payments were ostensibly for administering the housing authority's summer food program. Investigators discovered that the housing authority board never authorized these payments and grant documentation indicated that Mr. Case was not among those individuals approved for payment for administering the grant.

Mr. Case admitted to investigators that the true reason for the payments was that he had not received a pay raise in five years.

Below is a table detailing the unauthorized payments to Mr. Case:

Date	Amount
August 3, 2011	\$1,500
August 7, 2012	1,500
July 3, 2013	500
August 15, 2013	1,500
September 10, 2013	<u>2,000</u>
	<u>\$7,000</u>

On December 7, 2015, the Marion County Grand Jury indicted the former executive director, Terry Case, on one count of Theft over \$1,000.

## **ADDITIONAL ISSUES**

As noted above, this office previously released a report detailing the initial results of our special investigation, including several issues which contributed to employees' ability to perpetrate misappropriations without prompt detection. This report sets forth other significant issues noted during our investigation.

1. Former executive director Terry Case borrowed for an extended period, housing authority tools and other items, including:
  - 2'x4' Stainless Steel Table on Wheels (Refer to Exhibit 1.)
  - Pool Lounge Chairs (Refer to Exhibit 2.)
  - Stainless Steel Serving Cart (Refer to Exhibit 3.)
  - Cub Cadet RT65 Rotary Tiller (Refer to Exhibit 4.)
  - Poulan Pro 25cc Hedge Trimmer (Refer to Exhibit 5.)
  - Husqvarna 34cc Chain Saw (Refer to Exhibit 6.)
  - Sony Receiver, Sub-woofer, and Speakers (Refer to Exhibit 7.)

Mr. Case returned the above-listed items, as well as others he evidently stored at his home on behalf of the housing authorities, shortly after tendering his resignation.

2. During the period June 1, 2010, through March 31, 2014, commissioners of the South Pittsburg Housing Authority and commissioners of the South Pittsburg Elderly Housing Authority received at least \$37,975 in unauthorized compensation for attending board meetings. State law prohibits compensation to housing authority commissioners, absent authorization by local ordinance. Per City of South Pittsburg officials, no such ordinance has been passed by the city.

Section 13-20-408(d), *Tennessee Code Annotated*, states:

... A commissioner shall receive no compensation for such commissioner's services but shall be entitled to the necessary expenses, including traveling expenses incurred in the discharge of the commissioner's duties, unless otherwise authorized by local ordinance.... In no case shall compensation be paid to any commissioner from state or federal funds.

South Pittsburg Housing Authority commissioners received unauthorized compensation totaling at least \$34,900 during the period reviewed. Similarly, South Pittsburg Elderly Housing Authority commissioners received unauthorized compensation totaling \$3,075. Housing authority officials told investigators that the payments were discontinued in 2014 when they became aware of the law prohibiting compensation to commissioners.

Exhibit 1

Items Borrowed and Returned by Terry Case



Stainless Steel Table

Items Borrowed and Returned by Terry Case



Pool Lounge Chairs

Exhibit 3

Items Borrowed and Returned by Terry Case



Stainless Steel Serving Cart

Items Borrowed and Returned by Terry Case



Cub Cadet RT65 Rotary Tiller

Items Borrowed and Returned by Terry Case



Poulan Pro 25cc Hedge Trimmer

Exhibit 6

Items Borrowed and Returned by Terry Case



Husqvarna 34cc Chain Saw

Items Borrowed and Returned by Terry Case



Sony Compact Disc Receiver, Sub-Woofer Speaker System, & Speakers