



CLAY COUNTY RESCUE SQUAD

Special Investigation
January 26, 2016

Justin P. Wilson, Comptroller





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

January 26, 2016

Clay County Rescue Squad
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Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted a special investigation of selected records of the Clay County Rescue Squad 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

CLAY COUNTY RESCUE SQUAD

The Office of the Comptroller of the Treasury, in conjunction with the District Attorney General's Office of the 13th Judicial District, investigated allegations of malfeasance related to the Clay County Rescue Squad (the "rescue squad").

INVESTIGATIVE RESULTS

1. **Former captain used rescue squad funds totaling at least \$4,485 for his personal benefit or the personal benefit of others**

During the period January 2013 through September 2015, former Captain Laurence Bradford Stafford misappropriated rescue squad funds totaling at least \$4,485. The investigation revealed that

- Mr. Stafford withheld at least \$2,905 in "road block" and other fundraising event collections from deposit.
- Mr. Stafford allowed relatives and certain other rescue squad members to pay personal bills totaling at least \$1,580 with rescue squad checks, including personal utility bills, apartment deposits, and furniture purchases.

2. **Former captain allowed undocumented reimbursement payments from the rescue squad bank account**

Mr. Stafford allowed other payments to himself and other rescue squad members from the rescue squad bank account totaling at least \$2,859 for which there was no documentation to indicate a rescue squad purpose. Handwritten notes on the canceled checks implied that the payments were reimbursements to individuals for rescue squad expenses. Due to the lack of documentation, investigators were unable to determine if the payments were for legitimate rescue squad expenses, had ever been incurred, or had ever been paid by Mr. Stafford or others.

3. **Former captain made, and allowed others to make, inappropriate and undocumented fuel purchases**

Mr. Stafford also charged, and allowed others to charge, fuel for personal use on the rescue squad’s account. The rescue squad purchased fuel totaling \$6,378 during the 32 months ended August 2015. The investigation revealed that rescue squad officials exercised little restraint or oversight over what they, other members, and even nonmembers, charged to the rescue squad’s fuel and other store accounts. Investigators found that, in addition to fuel, the rescue squad paid for many purchases of apparently personal items including cigarettes and diapers that had been charged to rescue squad accounts. Due to the lack of documentation, investigators were unable to determine which purchases were made for legitimate rescue squad purposes.

Summary of Misappropriation and Questionable Payments

Method	Amount
Undeposited fundraising collections and payments for personal expenses	\$ 4,485
Undocumented reimbursement payments	<u>2,859</u>
Total	<u>\$ 7,344</u>

This matter was referred to the local district attorney general. In December 2015, the Clay County Grand Jury indicted the former captain, Laurence Bradford Stafford, and three other members of the Clay County Rescue Squad on several counts of theft and conspiracy to commit theft charges.

ADDITIONAL ISSUES

Our investigation revealed significant deficiencies in financial processes that contributed to the former captain’s ability to perpetrate the misappropriation without prompt detection. These financial process deficiencies included:

- Rescue squad officials failed to separate financial duties adequately or to provide increased oversight when appropriate. The former captain received collections, prepared and delivered deposits to the bank, prepared and was a signer on most checks, and maintained the bank statements.
- Rescue squad officials did not require and retain adequate supporting documentation for disbursements and other withdrawals.