

INVESTIGATIVE AUDIT REPORT

City of Rockwood

January 1, 2009, through January 31, 2012



State of Tennessee

**Comptroller of the Treasury
Department of Audit
Division of Investigations**



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

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February 27, 2013

Honorable Mayor and Members of the
City Council
City of Rockwood
110 North Chamberlain Avenue
Rockwood, TN 37854

Ladies and Gentlemen:

This office was notified of suspected irregularities at the City of Rockwood. Subsequently, the Division of Investigations conducted an investigative audit of selected records of the city which focused on the period January 1, 2009, through January 31, 2012. However, when warranted, this scope was expanded.

Presented in this report are the findings resulting from this investigative audit. 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/RA_MA_Financial/InvestigativeReports.aspx.

Sincerely,

L. Rene Brison, CPA, CFE, Assistant Director
Division of Investigations

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**INVESTIGATIVE AUDIT OF SELECTED RECORDS OF
THE CITY OF ROCKWOOD
FOR THE PERIOD JANUARY 1, 2009, THROUGH JANUARY 31, 2012**

CASE SUMMARY

The Comptroller of the Treasury, Division of Investigations, performed an investigative audit of selected records of the City of Rockwood. The audit focused primarily on the period from January 1, 2009, through January 31, 2012. However, when necessary, this scope was expanded. The investigative audit revealed the following:

- The former city coordinator¹, Tom Pierce, used a city credit card and a city store charge card to purchase at least \$32,725 in property and services for his personal benefit. These personal purchases included:
 - Guns, ammunition, and related items totaling at least \$11,900
 - Clothing totaling at least \$7,263
 - Cameras, lenses, and photographic supplies totaling at least \$5,697
 - Courses related to a business management associates degree program at an online college totaling \$4,190
 - Other miscellaneous personal items totaling at least \$3,675
- The former city accountant used the city credit card to charge accounting courses totaling \$985 from an online college.

¹ Mr. Pierce served as the director of both the public works and the parks and recreation departments.

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INVESTIGATIVE FINDINGS

The former city coordinator, Tom Pierce, used a city credit card and a city store charge card to purchase at least \$32,725 in property and services for his personal benefit. A schedule summarizing this misappropriation by the former city coordinator and the findings resulting from this investigative audit are shown below. These matters were referred to the local district attorney general. In February 2013, the Roane County Grand Jury indicted Tom Pierce on seven counts, including theft, credit card fraud, and official misconduct.

Summary Schedule of Property and Services Purchased with City Funds by Tom Pierce for His Personal Benefit

Purchases	Amount
Guns, ammunition, and related items	\$11,900
Clothing	7,263
Cameras and other photographic supplies	5,697
Online college courses	4,190
Other miscellaneous purchases	<u>3,675</u>
Total	<u>\$32,725</u>

1. **FINDING:** **Improper use of city credit card and store charge card to purchase at least \$32,725 in property and services for personal benefit**

Our investigative audit revealed that during the period January 1, 2009, through January 31, 2012, the former city coordinator, Tom Pierce, used a city credit card and a city store charge card to purchase at least \$32,725 in property and services for his personal benefit. Mr. Pierce paid or directed the payment of these personal charges using city funds without authority or permission from the mayor and members of the city council. City files contained no supporting documentation for these questionable charges. After he was confronted by city officials in February 2012, Mr. Pierce returned to the city 12 guns, 149 boxes of ammunition, and various other items with a total cost of more than \$9,000.



Remington 12-gauge Tactical Shot Gun

Guns, ammunition and related items

Mr. Pierce used the city credit card to purchase at least 11 guns², including a tactical shot gun, a .308 rifle, a .44 caliber revolver,

and two 9 mm pistols. These guns were registered to Mr. Pierce personally, not in the

² Handwritten notes in city records indicate Mr. Pierce purchased at least 13 guns with city funds. However, investigators were unable to obtain vendor or third-party documentation for the purchase of two of these guns.

name of the city. He also used the city credit card to purchase holsters, rifle scopes, tactical sights, and ammunition. These charges were paid for with city funds. Both the current mayor and the previous mayor told Comptroller investigators that they had no knowledge of and had never discussed with Mr. Pierce his purchase of guns and ammunition at the city's expense. They also both indicated that they did not give and would not have given him permission to have the city pay for these expenses.



Taurus Raging Bull 44-Caliber Revolver

Clothing

Mr. Pierce used the city credit card to purchase clothing for his personal benefit at a total cost of \$7,263³. The clothing includes polo shirts, cargo shorts, underwear, socks, women's jeans, suit separates, and running shoes. These charges were paid with city funds. In November 2008, the city council approved providing a clothing allowance to employees of the public works and park and recreation departments. Those employees were permitted to purchase up to \$100 in *work pants and work shirts* per year, in addition to work boots. Both the current mayor and the previous mayor told Comptroller investigators that they had no knowledge of and had never discussed with Mr. Pierce his purchase of dress or casual clothing at the city's expense. They also both indicated that they did not give and would not have given him permission to have the city pay for these expenses.



Olympus E3 Digital Camera

Cameras and photographic supplies

Mr. Pierce used the city credit card to purchase premium cameras and photography equipment costing at least \$5,697, including two Olympus cameras priced at over \$1,200 each. These charges were paid with city funds. Although the city owned and employees used various inexpensive digital cameras, both the current mayor and the previous mayor told Comptroller investigators that they had no knowledge and had never discussed with Mr. Pierce his purchase of premium camera equipment at the city's expense. They also both indicated that they did not give and would not have given him permission to have the city pay for these expenses.

³ This is net of the \$100 annual clothing allowance and \$100 annual boot or shoe allowance that other public works employees were eligible for during the four years covered by our investigative audit.

Online college courses

Mr. Pierce used the city credit card to charge business management courses totaling \$4,190 from an online college. These charges were paid with city funds. Both the current mayor and the previous mayor told Comptroller investigators that they had no knowledge of and had never discussed with Mr. Pierce his additional education at the city's expense. They also both indicated that they did not give and would not have given him permission to have the city pay for these expenses.

Other miscellaneous purchases

Mr. Pierce used the city credit card to purchase additional personal items totaling \$3,675, including nutritional supplements such as protein powder and testosterone booster, and digital music, books, and movies. These charges were paid with city funds.

2. **FINDING: Payment of online college courses for former city accountant**

The former city accountant used the city credit card to charge accounting courses totaling \$985 from an online college. This charge was paid with city funds. Both the current mayor and the previous mayor told Comptroller investigators that they had no knowledge of and had never discussed with the former city accountant her additional education at the city's expense. They also both indicated that they did not give and would not have given her permission to have the city pay for these expenses.