



COMPTROLLER'S INVESTIGATIVE REPORT

421 Area Emergency Services - Volunteer Fire Department

December 12, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

December 12, 2019

421 Area Emergency Services
Volunteer Fire Department
Board Members
1758 Bristol Caverns Highway
Bristol, TN 37620

and

Mayor Richard Venable
Sullivan County Courthouse
3411 Highway 126
Suite 206
Blountville, TN 37617

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the 421 Area Emergency Services – Volunteer Fire Department, 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 is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", written over a light gray rectangular background.

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

421 Area Emergency Services – Volunteer Fire Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the 421 Area Emergency Services - Volunteer Fire Department (VFD) in Bristol, Tennessee. The investigation was initiated after the office received allegations of questionable practices by the former VFD chief. The results of the investigation were communicated with the Office of the District Attorney General of the 2nd Judicial District.

BACKGROUND



The 421 Area Emergency Services – Volunteer Fire Department was founded in 1992 and provides fire and emergency services to the eastern part of Sullivan County, Tennessee. It is a 501(c)(3) nonprofit public benefit corporation funded by a combination of donations, government grants, and contributions primarily from Sullivan County and individual residents. The VFD is governed by a seven-member board, which among other things, has authority to appoint a chief and other officers.

The former chief was elected by the VFD board on September 18, 2012, and he was removed from his position by the board on December 28, 2018. At the November 19, 2013 VFD board meeting, the VFD board discussed the former chief’s personal use of the VFD support vehicle, a red 2003 Chevrolet TrailBlazer, after the vehicle was seen in his driveway. According to the board approved minutes of the meeting the former chief stated, “...he needed use of the vehicle with sirens, lights etc. for better response time to calls by him as chief, even running calls from his place of employment. This better serves our community with quicker response times to the calls.” After discussion, the board voted to allow the former chief to use the support vehicle, but he was required to keep a mileage log documenting what he drove for personal use and what he drove for the department, to pay for fuel used for his personal use, and to pay for half the cost of oil changes, of which he was to present invoices showing what he paid himself.

RESULTS OF INVESTIGATION

- **THE FORMER CHIEF AND HIS WIFE USED THE VFD SUPPORT VEHICLE FOR PERSONAL USE AND MADE QUESTIONABLE FUEL PURCHASES WITH VFD FUNDS**

Investigators reviewed select VFD records for the period September 18, 2012, through August 31, 2018, and found no documents or other evidence that the former chief maintained mileage logs, paid for fuel used for his personal use, or paid half the cost of oil changes. Upon review of VFD disbursements, investigators found that fuel was purchased at least 192 times for the support vehicle, totaling \$7,453.02. Of these fuel purchases, 166 of the purchase receipts were signed by the former chief's wife, while only 26 of the purchase receipts were signed by the former chief or others. The following table summarizes fuel purchases for the support vehicle during the period, grouped according to the individual that signed for the purchase:

Summary of Support Vehicle Fuel Purchases				
Fiscal Year	Former Chief	Former Chief's Wife	Others or Unknown	Total Support Vehicle Fuel Purchases
2013	\$ 69.00	\$ 514.04	\$ 96.51	\$ 679.55
2014	230.52	1,102.65	51.00	1,384.17
2015	180.01	1,034.23	-	1,214.24
2016	46.50	969.53	-	1,016.03
2017	173.51	1,447.89	101.36	1,722.76
2018	107.50	1,328.77	-	1,436.27
Total	<u>\$ 807.04</u>	<u>\$ 6,397.11</u>	<u>\$ 248.87</u>	<u>\$ 7,453.02</u>
% of Total Support Vehicle Fuel Purchases	11%	86%	3%	-

According to the former chief, he couldn't remember details of any conditions or other requirements that were passed by the VFD board concerning his use of the VFD support vehicle; however, he stated he did help pay for the maintenance of the vehicle, and for some fuel. The former chief stated he understood that the VFD board's authorization of personal use also authorized his wife, who served as the VFD board secretary and safety officer, to make personal use of the support vehicle. When asked about his wife's fuel purchases, the former chief stated his wife did make purchases by herself less than 50% of the time, and he would go with her most of the time, pumping the fuel while she paid and signed for the purchase. In March 2018, the former chief started a new full-time job, and he carpooled with a co-worker to and from work each day. The former chief stated that, from this time forward, the support vehicle was kept at his home and used by his wife for VFD business and occasional personal use, including picking up a grandchild from a local elementary school twice a week (**Refer to Exhibit 1**). Between April 16, 2018 and July 4, 2018, the VFD paid \$3,306.50 for the maintenance of the support vehicle, including expenditures for new tires, brakes, a battery, a muffler, an alternator, and various other engine repairs and maintenance.

Exhibit 1



*TrailBlazer driven by the former chief's wife used to pick up a grandchild from school.
Photograph obtained by investigators during this investigation.*

- **THE VFD PROVIDED A \$187.50 PERSONAL LOAN TO A VOLUNTEER MEMBER**

On June 10, 2017, the VFD made a \$187.50 personal loan to a volunteer member, with an agreement to pay back the full amount within two weeks. The former chief provided documentation showing \$40 was paid back by the member's father on March 8, 2018; however, the remaining balance of \$147.50 remains unpaid. According to the former chief, he was only aware of this one personal loan provided by the VFD. Volunteer fire department funds should not be used for the personal benefit of volunteer members.

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal control, some of which contributed to the former chief's questionable personal use of a vehicle and fuel purchases. These deficiencies included:

Deficiency 1: The VFD board did not provide adequate oversight over the use of the VFD support vehicle and fuel purchases.

The VFD board did not provide adequate oversight and did not establish internal controls to ensure proper use of the VFD support vehicle and purchased fuel. According to the minutes of the November 19, 2013, VFD board meeting, the former chief was required to keep a mileage log documenting when the support vehicle was driven for personal use, to pay for fuel used for personal use, and to pay for half of the cost of oil changes, of which the former chief was to present invoices showing what he paid. It does not appear the VFD board required or monitored this

supporting documentation. In addition, the board did not adequately review or question fuel invoices showing both excessive fuel purchased for the support vehicle and fuel purchases made by the former chief's wife.

Deficiency 2: The VFD did not maintain supporting documentation for petty cash transactions

According to the former chief, the VFD kept on hand \$50 in petty cash. When investigators requested supporting documentation for the petty cash, the treasurer stated petty cash was kept locked in the VFD office, to which only the former chief and his wife had access. The treasurer told investigators neither the former chief nor his wife gave the treasurer any supporting documentation for petty cash transactions; therefore, investigators found no supporting documentation for petty cash transactions. The treasurer further stated that the former chief replenished petty cash with collections from vending machine sales, and that the former chief deposited any remaining vending collections in a VFD bank account. The lack of supporting documentation and internal controls over petty cash transactions and vending collections creates a risk that VFD funds could be used inappropriately or stolen.

Department officials indicated that they have corrected or will correct these deficiencies.
