



COMPTROLLER'S INVESTIGATIVE REPORT

City of LaFollette

March 1, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

March 1, 2021

LaFollette City Council
207 South Tennessee Avenue
LaFollette, TN 37766

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the City of LaFollette, 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 8th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

City of LaFollette

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the City of LaFollette. The investigation was limited to the period November 2008 through August 2020. The results of the investigation were communicated with the Office of the Pro-Tem District Attorney General of the 8th Judicial District.

BACKGROUND

The City of LaFollette, located in Campbell County, is governed by a mayor, city administrator, and city council. The current mayor has held the office since 2008.



The City of LaFollette Public Works Department consists of the Street and Sanitation departments. The Street Department is responsible for the upkeep of all city streets and sidewalks within the city limits, including all modifications and repairs to city streets, placement and maintenance of all street and traffic signs, ice and snow removal, tree trimming, mowing, and leaf removal. The Sanitation Department provides residential refuse collection and the removal of debris and unwanted items. The Public Works Department also provides drainage control, brush collection, removal of street obstructions, and tile installation.

RESULTS OF INVESTIGATION

1. CITY OF LAFOLLETTE MAYOR MICHAEL STANFIELD USED CITY PERSONNEL AND EQUIPMENT FOR HIS PERSONAL BENEFIT

Investigator interviews revealed Stanfield had been misusing city personnel and equipment throughout his tenure as mayor beginning in 2008. Numerous witnesses observed Stanfield

bring non city-owned equipment, such as lawnmowers and chainsaws, to public works employees for repair, at times, during city work hours. In at least one instance a city-owned welding machine was used in the repair of a lawnmower that was non city-owned, brought to the Public Works Department by Stanfield, and repaired at his request (**Refer to Exhibit 1**). In an interview, Mayor Stanfield acknowledged that he ran a side business repairing small engines that was unrelated to his position with the city.

Exhibit 1



Non city-owned lawnmower brought in by Stanfield at the City of LaFollette Public Works Garage

2. A PORTION OF A FORMER CITY OF LAFOLLETTE COUNCILMAN'S DRIVEWAY WAS PAVED BY THE PUBLIC WORKS DEPARTMENT DURING HIS TERM IN OFFICE

The public road leading to the former councilman's private driveway was part of a city-wide paving project in 2018. At the instruction of management, the paving crew continued to pave a portion of that driveway, measuring 210 feet by ten feet, up to the visible seam in the underlying pavement. After the matter was raised during a city council meeting in early 2020, examination of the property lines revealed that a portion of the paving extended onto the former councilman's property (**Refer to Exhibit 2**). The former councilman has since voluntarily reimbursed the city for the cost of the paving. In November 2020, the city councilman was not re-elected to office.

Exhibit 2



Road leading to a former city councilman's driveway

On September 2, 2020, the Campbell County Grand Jury indicted Michael Ray Stanfield on seven counts of Official Misconduct, one count of Retaliation for Reporting to the Comptroller, and one count of Misrepresenting Information to the State Auditor.

[City of LaFollette Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls and compliance, some of which contributed to city officials' misdeeds without prompt detection:

Deficiency 1: Public Works Department management did not provide adequate oversight of operations.

The lack of oversight by management contributed to the mayor's ability to misuse city employees and equipment. Providing adequate oversight reduces the risks that errors or intentional misappropriations will remain undetected. The mayor freely brought his personal equipment to the Public Works Department for city employees to repair, using city time and/or equipment. Public

Works Department management knew about the mayor's actions and allowed the city employees to repair, during work hours, non-city owned equipment brought to Public Works by the mayor. Additionally, the mayor had unrestricted access to the public works facilities without a legitimate reason.

Deficiency 2: City officials failed to report suspected unlawful conduct within the legally required time frame.

Tennessee Code Annotated, Section 8-4-503, provides that “a public official with knowledge based upon available information that reasonably causes the public official to believe that unlawful conduct has occurred shall report the information in a reasonable amount of time to the office of the comptroller of the treasury.” Reasonable amount of time means any amount of time that is reasonable under the particular circumstances, but shall not under any circumstances, exceed five working days. A portion of a former councilman's driveway, measuring 210 feet by ten feet, was paved by the Public Works Department during a city-wide paving project in 2018. The specific time in which the driveway paving was discovered is unknown; however, the mayor mentioned it in a city council meeting in early 2020 but failed to take any further action. The mayor did not report the issue to the state Comptroller's Office until July 23, 2020, thus exceeding the reasonable time requirement of five days, as required by law.

As of the date of this report, the City of LaFollette has not taken any steps to correct the above-noted deficiencies.
