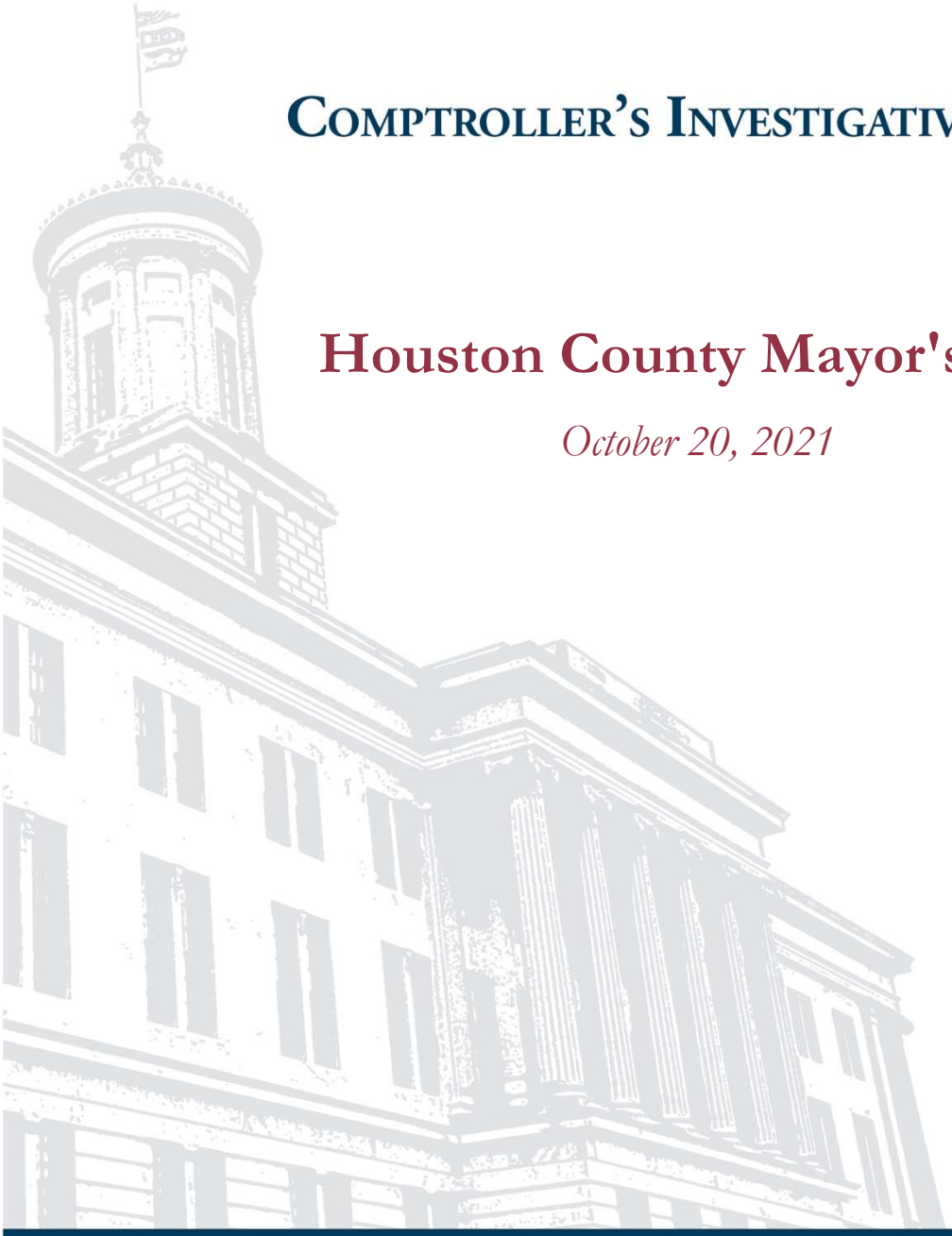


Comptroller's Investigative Report

Houston County Mayor's Office

October 20, 2021

Jason E. Mumpower
Comptroller of the Treasury

Division of Investigations

Jason E. Mumpower
Comptroller

October 20, 2021

Houston County Mayor's Office
Mayor James Bridges
4725 East Main Street #101
Erin, TN 37601

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Houston County Mayor's Office, 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 23rd 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,

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Houston County Mayor's Office

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Houston County Mayor's Office. The investigation was limited to selected records for the period June 2016 through September 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 23rd Judicial District.

BACKGROUND

Houston County is governed by a mayor and 14 county commissioners who represent seven districts within the county. The current mayor is James Bridges. He was elected to his position in the fall of 2018, defeating George Clark whose mayoral terms spanned more than 30 years. The Houston County Mayor's Office is located at 4725 East Main St. in Erin, Tennessee.

RESULTS OF INVESTIGATION

- **COUNTY MAYOR GEORGE CLARK FALSIFIED UNEMPLOYMENT DOCUMENTS RESULTING IN TWO EMPLOYEES RECEIVING UNAUTHORIZED UNEMPLOYMENT BENEFITS TOTALING AT LEAST $9,075**

During the period June 2016 through September 2018, former Houston County Mayor George Clark falsified documents resulting in two former county employees receiving unauthorized unemployment benefits totaling at least $9,075. Clark signed separation notices for both employees stating the reason for their termination was "lack of work." However, investigators determined that both employees voluntarily resigned from their positions, therefore they were ineligible for unemployment benefits. According to the Tennessee Department of Labor and Workforce Development (TDLWD), "unemployment insurance is a benefit program funded by Tennessee employers for workers who have lost their job by no fault of their own." The ineligible unemployment benefits are described below:

A. On June 15, 2016, Clark enabled the administrator of elections for Houston County to apply for and receive unemployment benefits for which she was not eligible by signing a separation notice stating she was losing her position with the county due to a "lack of work." She worked as the administrator of elections for Houston County from October 15,

2007, through June 3, 2016. Although her separation notice gave the reason for her leaving as a "lack of work," she submitted a resignation letter addressed to members of the Houston County Election Commission that stated she voluntarily resigned from her position effective June 3, 2016. The county filled the vacant administrator of elections position on June 6, 2016, three days after she resigned. Additionally, investigators discovered a letter in her personnel file, dated August 26, 2016, from Clark to TDLWD personnel, indicating that she was laid off due to a "lack of work" which further allowed her to receive unemployment benefits. **(Refer to Exhibit 1)**.

Investigators determined that she received unemployment benefits for the maximum 26-week period from June 2016 to December 2016, totaling $7,150. During this period, she completed a weekly certification (actively seeking employment) through TDLWD's website that allowed her to receive $275 in unemployment benefits for each of the 26 weeks.

Exhibit 1

HOUSTON COUNTY MAYOR

Houston County Courthouse
P. O. Box 366 • Erin, Tennessee 37061

GEORGE E. CLARK
County Mayor

hcexexecutive@peoplestel.net
Phone: 931-289-3633
Fax: 931-289-2799

August 26, 2016

Attn: [redacted]

I George E. Clark, Houston County Mayor, have no problems with [redacted] drawing unemployment funds from Houston County. She was laid off due to a lack of work.

Thank you for your cooperation.

George E. Clark

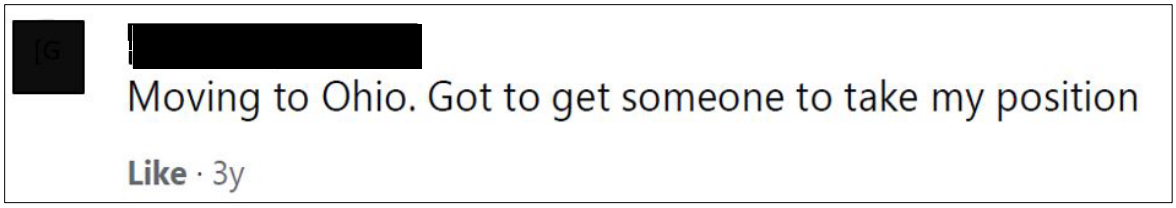
Houston County Mayor

Letter from Clark to TDLWD Personnel

B. On April 27, 2018, Clark authorized the Payroll Clerk/Accounts Payable clerk to receive unemployment benefits by signing a separation notice that stated she was losing her position with the county due to a "lack of work." According to a separation notice found in her personnel file, she was employed at the Houston County Mayor's Office as Payroll Clerk/Accounts Payable from May 19, 2008, through April 27, 2018. Information provided by the Houston County Mayor's Office revealed that on February 9, 2018, she posted on her personal Facebook page that her position as Payroll Clerk/Accounts Payable was available and for applicants to send their resumes to the County Mayor's Office. Along

with this post were several comments and correspondences regarding her plans to move out of state, including the comment that she has "*Got to get someone to take my position*" **(Refer to Exhibit 2)**.

Exhibit 2



Facebook Post

The vacated position as Payroll Clerk/Accounts Payable was filled by another individual on February 23, 2018. Personnel records indicated that this individual and the former Payroll Clerk/Accounts Payable were both employed as Payroll Clerk/Accounts Payable for the county from February 23, 2018, through April 27, 2018. Based on information provided by the mayor's office, she used this time to train her replacement. Investigators determined from information obtained from TDLWD that she received unemployment benefits during a 7-week period from May 2018 to June 2018, totaling $1,925. She completed a weekly certification process through the TDLWD's website that allowed her to receive $275 in unemployment benefits during each of those seven weeks.

Investigators met with former County Mayor Clark to discuss the unemployment benefits received by the former employees. Clark admitted to investigators that he approved the applications for the unemployment benefits for both employees. Clark also informed investigators that he did not respond to any notices the TDLWD sent for the county to dispute pending unemployment benefits because he believed the state would give the unemployment benefits to the former employees anyway.

Summary of Unauthorized Unemployment Benefits

Individual	Amount
Administrator of Elections	$ 7,150
Payroll Clerk/Accounts Payable	1,925
Total	**$ 9,075**

In October 2021, the Houston County Grand Jury indicted George E. Clark on one count of official misconduct and one count of tampering with government records.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

Houston County Mayor's Office Investigative Exhibit

INTERNAL CONTROL AND COMPLIANCE DEFICIENCY

Our investigation revealed a deficiency in internal controls and compliance, some of which contributed to the ability of the former county mayor to allow two former employees to fraudulently apply for and receive unemployment benefits to which they were not eligible. This deficiency included:

Deficiency: County administration failed to adequately maintain personnel records.

Investigators noted that during their review of personnel files from 2016 through 2018, some files were missing, some documents in those files were found to be incomplete, and some documents had contradictory and/or incorrect data. According to the county's personnel manual,

> *"The County Mayor, elected officials, and department heads shall be responsible for the establishment, up-to-date maintenance, and safeguard of personnel records for each employee under their supervision."*

The failure to maintain adequate personnel records weakens internal controls over the payroll process and increases the risk of improper payments.

Houston County officials indicated that they have corrected or intend to correct these deficiencies.