



COMPTROLLER'S INVESTIGATIVE REPORT

Overton County Clerk

April 25, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

April 25, 2022

Overton County Executive
and Members of the County Commission
306 West Main Street, Room 232
Livingston, TN 38570

Overton County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Overton County Clerk, 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 13th 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", with a long horizontal line extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

OVERTON COUNTY CLERK

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Highway Patrol/Criminal Investigation Division (CID) and the Tennessee Department of Revenue/Special Investigations Division (SID), investigated allegations of malfeasance related to the Overton County Clerk. The investigation was limited to selected records for the period from July 1, 2015, through October 21, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 13th Judicial District.

BACKGROUND



The Overton County Clerk's Office is in the Millard Oakley Overton County Services Building in Livingston, Tennessee. The clerk is elected every four years and employs deputy clerks to perform the daily duties consisting of vehicle registration, vehicle titles and tags, collection of vehicle sales tax, driver's license renewals, marriage licenses, business licenses, hunting and fishing

licenses, and notary public applications. The clerk has been in office since 2014.

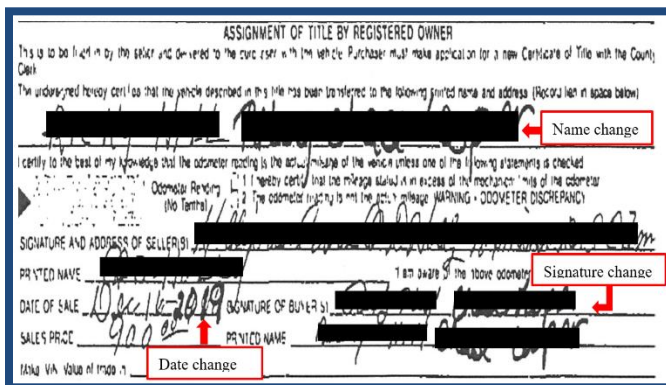
RESULTS OF INVESTIGATION

1. THE OVERTON COUNTY CLERK ALTERED VEHICLE TITLES TO IMPROPERLY GENERATE NEW REGISTRATIONS AND NEW TITLES, WHICH SHE USED TO OBTAIN PERSONAL BANK LOANS

The Overton County Clerk (clerk) altered vehicle titles to improperly generate new registrations and new titles, which she used to obtain personal bank loans. During our investigation, the clerk stated she was given paper certificates of title (titles) to vehicles by an acquaintance, and she altered at least two of these titles, falsifying sales information to obtain new registrations and new titles. She then used these new vehicle titles to obtain personal loans. As part of our investigation, CID and SID conducted an interview during which the clerk admitted to altering titles to obtain loans. She stated she never took possession of the vehicles in question.

Exhibit 1

A. – The clerk altered the buyer’s information on the back of the title for a 1949 Cadillac by marking through the prior owner’s printed name and inserting her family member’s name. She also marked out the prior owner’s signature and replaced it with a signature to match the family member’s name and then altered the date of the sale to represent that the vehicle had been recently purchased. (See **Exhibit 1**).

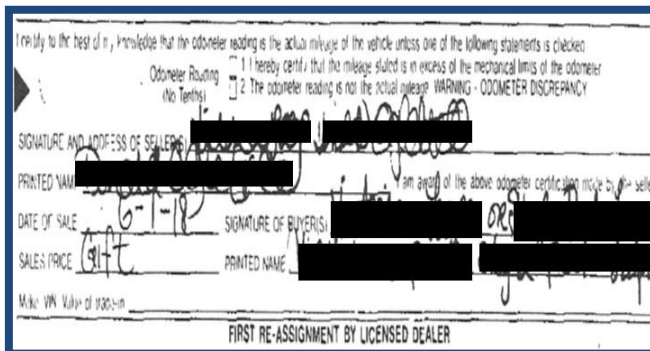


Clerk altered assignment of title on the Cadillac

The prior owner, whose name and signature had been marked through on the title, stated the 1949 Cadillac had been destroyed in a garage fire sometime around the year 2000. The clerk registered the altered title with the State of Tennessee and subsequently presented the false title to a financial institution as collateral for a personal loan.

Exhibit 2

B. – The clerk obtained a second title from the same acquaintance mentioned above for a 1979 Ford. The seller and purchaser information were completed to show the transaction was between the clerk and the prior owner; however, both the clerk and the acquaintance stated the title passed from the acquaintance to the clerk, not the prior owner to clerk (See **Exhibit 2**).



Clerk altered assignment of title on the Ford

This 1979 Ford no longer exists; however, the clerk registered the title with the State of Tennessee and presented the false title to a financial institution as collateral for a personal loan.

The two titles were clearly embossed by the State of Tennessee with a legal notice printed at the bottom of the title stating, “Store in a safe place – any alteration or erasure voids this title” (See **Exhibit 3**).

Exhibit 3



Legal Notice Printed on Titles

C. – The clerk obtained a \$15,000 bank loan (**Exhibit 4**) using the altered title for the 1949 Cadillac that no longer exists. This nonexistent vehicle was assigned a market value of \$40,000 (**Exhibit 5**) on the loan application. The vehicle inspection report completed by the loan officer and the accompanying loan application stated the vehicle was not driven to the bank.

Exhibit 4

| CONSUMER LOAN APPLICATION | |
|---|---|
| Credit Requested Is: <input type="checkbox"/> Home Equity Loan <input type="checkbox"/> Collateral Secured Loan <input type="checkbox"/> Personal Use | |
| Amount Requested \$15,000.00 | Description of Collateral Offered 1949 Cadillac VIN- 497519466 |

Loan application amount

Exhibit 5

| Automobiles Owned: | | |
|--------------------|--------------------|----------------------|
| Year | Make and Model | Cash or Market Value |
| 1949 | Cadillac Series 62 | \$ 40,000 |
| | | \$ |

Market Value

D. – The clerk obtained a \$28,000 bank loan in June 2019 using the altered title for the 1979 Ford, which no longer exists, using a title for a Chevrolet Malibu, and using a livestock trailer title (See **Exhibit 6**) as collateral therefor. The clerk created a duplicate title for the 2009 Malibu (See **Exhibit 7**), which she sold in October 2019 (See **Exhibit 8**). However, the lien on the Malibu was not released by the bank until March 2021 (See **Exhibit 9**).

Exhibit 6

| CONSUMER LOAN APPLICATION | |
|---|---|
| Credit Requested Is: <input type="checkbox"/> Home Equity Loan <input type="checkbox"/> Collateral Secured Loan <input type="checkbox"/> Personal | |
| Amount Requested \$28,000.00 | Description of Collateral Offered 2009 Malibu, 1979 Ford, 1972 ECH 2F8 |

June 2019 Loan Application Collateral

Exhibit 7

| STATE OF TENNESSEE | | | | | | |
|---|-------------------|----------------------|------------------|-----------------|--------------|--|
| VERIFY THE AUTHENTICITY OF THIS MULTISTATE DOCUMENT BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM. | | | | | | |
| "DUPLICATE" | | CERTIFICATE OF TITLE | | | "DUPLICATE" | |
| VEHICLE IDENTIFICATION NUMBER | YEAR | MAKE | MODEL | BODY TYPE | TITLE NUMBER | |
| 336 | 2009 | CHEV | MLI | 4D | 7 | |
| NEW-USED DEMO | PREVIOUS TITLE NO | PREV STATE | SALES OR USE TAX | CO | ODOMETER | |
| X | | TN | 67 | 67 | | |
| DATE TITLE ISSUED | | | | REMARKS | | |
| 10-18-2019 | | | | DUPLICATE TITLE | | |
| DATE VEHICLE ACQUIRED | | | | 09-01-2017 | | |

Duplicate Title October 2019

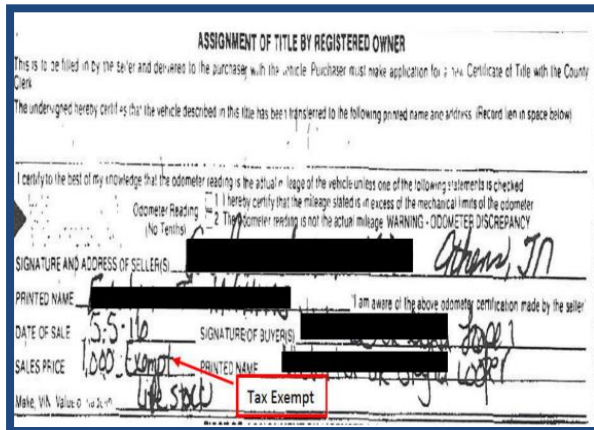
Exhibit 8

| OWNER INFORMATION (LEGAL STATUS 1 (MARR) 2 (SPL) 3 (SE) 4 (L) 5 (S) 6 (M) 7 (J) 8 (P) 9 (O) 10 (C) 11 (T) 12 (G) 13 (F) 14 (M) 15 (D) 16 (U) 17 (N) 18 (A) 19 (L) 20 (S) 21 (O) 22 (F) 23 (M) 24 (D) 25 (U) 26 (N) 27 (A) 28 (L) 29 (S) 30 (O) 31 (F) 32 (M) 33 (D) 34 (U) 35 (N) 36 (A) 37 (L) 38 (S) 39 (O) 40 (F) 41 (M) 42 (D) 43 (U) 44 (N) 45 (A) 46 (L) 47 (S) 48 (O) 49 (F) 50 (M) 51 (D) 52 (U) 53 (N) 54 (A) 55 (L) 56 (S) 57 (O) 58 (F) 59 (M) 60 (D) 61 (U) 62 (N) 63 (A) 64 (L) 65 (S) 66 (O) 67 (F) 68 (M) 69 (D) 70 (U) 71 (N) 72 (A) 73 (L) 74 (S) 75 (O) 76 (F) 77 (M) 78 (D) 79 (U) 80 (N) 81 (A) 82 (L) 83 (S) 84 (O) 85 (F) 86 (M) 87 (D) 88 (U) 89 (N) 90 (A) 91 (L) 92 (S) 93 (O) 94 (F) 95 (M) 96 (D) 97 (U) 98 (N) 99 (A) 100 (L) 101 (S) 102 (O) 103 (F) 104 (M) 105 (D) 106 (U) 107 (N) 108 (A) 109 (L) 110 (S) 111 (O) 112 (F) 113 (M) 114 (D) 115 (U) 116 (N) 117 (A) 118 (L) 119 (S) 120 (O) 121 (F) 122 (M) 123 (D) 124 (U) 125 (N) 126 (A) 127 (L) 128 (S) 129 (O) 130 (F) 131 (M) 132 (D) 133 (U) 134 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Title for each vehicle was not properly completed and had names crossed out and dates written over.

Exhibit 10

In one instance the clerk sold a vehicle and allowed it to be registered as a gift to the buyer, to whom she owed money. This allowed the buyer to avoid paying sales tax. She also altered the buyer/seller section of a title noted above, except for the sale price, thus falsely presenting the 1999 sale price as the 2019 recorded transaction sale price (See Exhibit 1). She also registered a livestock trailer to herself and a family member and falsely claimed a farm exemption from sales tax. (See Exhibit 10.)



ASSIGNMENT OF TITLE BY REGISTERED OWNER

This is to be filled in by the seller and delivered to the purchaser with the vehicle. Purchaser must make application for a Certificate of Title with the County Clerk.

The undersigned hereby certifies that the vehicle described in this title has been transferred to the following printed name and address: (Record len in space below)

I certify to the best of my knowledge that the odometer reading is the actual mileage of the vehicle unless one of the following statements is checked:

Odometer Reading: I hereby certify that the mileage stated is in excess of the mechanical limits of the odometer (No Terms) The odometer reading is not the actual mileage. WARNING - ODOMETER DISCREPANCY

SIGNATURE AND ADDRESS OF SELLER(S): [Redacted] *Althaus, JN*

PRINTED NAME: [Redacted] I am aware of the above odometer certification made by the seller.

DATE OF SALE: 5-5-16 SIGNATURE OF BUYER(S): [Redacted] *2008*

SALES PRICE: 1,000 Exempt PRINTED NAME: [Redacted] *2008*

Make, VIN, Value: [Redacted] *Life Stock* Tax Exempt

Tax exempt status of livestock trailer

3. THE CLERK MISAPPROPRIATED COUNTY-OWNED ASSETS

The clerk misappropriated county-owned assets when she removed office furniture, equipment, and some of the flooring from the clerk’s office space at the old administration building in November 2020. The clerk asked permission to take the flooring but did not receive approval from the Overton County Executive. Investigators determined that the office furniture, and equipment, was located in a trailer on private property. None of these items have been returned to the county as of the date of this report. (See Exhibit 11 and Exhibit 12.)

Exhibit 11



Exhibit 12



Trailer on private property with office furniture and other items from the old administration building

The clerk stated the items were to be used in a satellite office space she was going to open in a remote area of the county, upon completion of a privately owned building. Investigators

noted that there was no discussion or approval of a satellite office noted in the Overton County Commission's minutes. Investigators determined the value of some of the furniture and equipment to be \$1,674 and the value of the flooring to be \$667.34 by utilizing available invoices.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal controls and compliance, some of which contributed to the clerk's ability to manipulate vehicle transactions. These deficiencies included:

Deficiency 1: The clerk failed to conduct her office with integrity and uphold her oath of office

The clerk failed to conduct her office with integrity and uphold her oath of office. She did not demonstrate sound moral and ethical principles when she falsified registrations for herself and her family's vehicle transactions. The clerk's misconduct also included using her official position to require her employees to process the falsified transaction.

Deficiency 2: The clerk failed to follow guidelines established for the Office of County Clerk

The clerk failed to follow the guidelines stated in the Tennessee Department of Revenue's County Clerk Sales and Use Tax (manual) which states "under Tennessee sales and use tax law, sales of motor vehicles are sales of tangible personal property and subject to sales and use tax".

- A. The manual was not followed when the clerk gifted a title to a mechanic who was not a family member. This was done to allow the mechanic to avoid paying the sales tax as a form of a debt repayment to the mechanic when he purchased the vehicle from the clerk's daughter. The manual states, "A 'gift vehicle' is a vehicle transferred to a recipient for which the giver did not receive any type of consideration. In these types of situations, the transfer of the vehicle is subject to Tennessee tax." A true tax-exempt gifted vehicle is only between certain family members, as stated in the manual.
- B. The manual was not followed when the clerk registered false transactions for titles on nonexistent vehicles that she obtained from an acquaintance to obtain personal bank loans.

Deficiency 3: The clerk falsified transactions

The clerk used her official position to falsify title transactions to appear that a legitimate transaction between either herself or a family member and the "seller" of a vehicle took place, resulting in a fraudulent transfer of motor vehicles, which is prohibited pursuant to Tenn. Code Ann. § 39-14-147. The titles involved clearly stated on the face of the instrument, "Any alteration or erasure voids this title".
