



COMPTROLLER'S INVESTIGATIVE REPORT

White County Clerk

August 25, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

August 25, 2022

White County Executive
and Members of the County Commission
1 E Bockman Way, Room 205
Sparta, TN 38583

White County Executive and Members of the County Commission:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the White 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 flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

WHITE COUNTY CLERK

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to improperly deleted transactions from records in the White County Clerk's Office. The investigation was initiated after Local Government Audit uncovered questionable deleted transactions with a lack of supporting documentation and promptly notified the Division of Investigations. The investigation was limited to selected records for the period of July 1, 2012, through June 30, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 13th Judicial District.

BACKGROUND

The White County Clerk (clerk) is elected by a county-wide vote every four years and employs deputy clerks to perform many of the daily operations of the office, including registering vehicles, issuing vehicle tags and titles, renewing vehicle tags, and collecting vehicle sales tax.



Once a vehicle registration tag has been issued or renewed, the customer will receive a new decal to place on the vehicle's license plate. Additionally, the customer will receive a new vehicle registration. Payments for renewing vehicle tags can be made at the county clerk's office or online via tncountyclerk.com. Once payment has been made by the customer and the transaction has been completed, the transaction will be reflected on the office's Business Information System (BIS) accounting software. The transaction will then be added to the Tennessee Department of Revenue's Vehicle Title and Registration System (VTRS) software to update the renewal to the vehicle's transaction history.

RESULTS OF INVESTIGATION

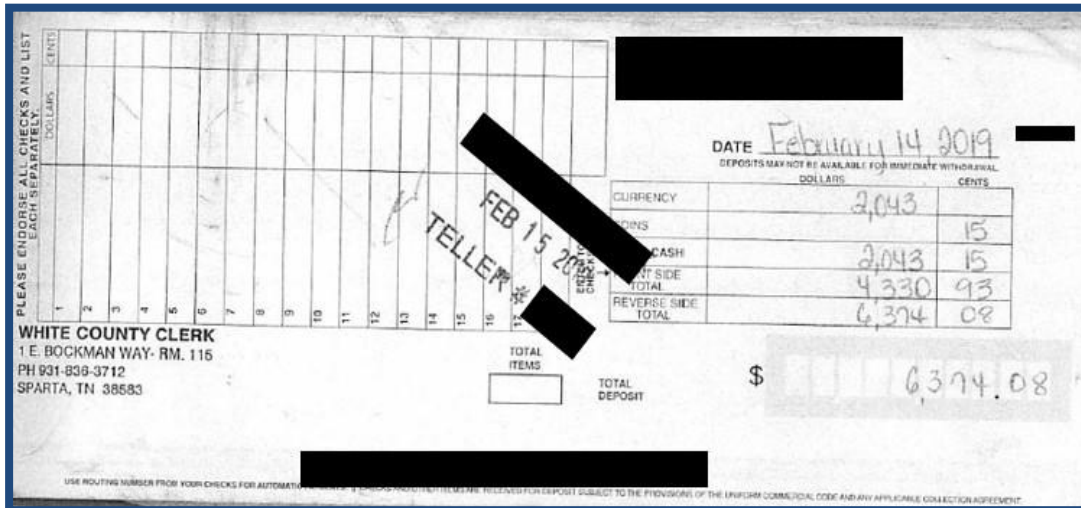
1. FORMER CHIEF DEPUTY CLERK LAURA GARDNER MISAPPROPRIATED FUNDS TOTALING AT LEAST \$12,312.60

Former Chief Deputy Clerk Laura Gardner misappropriated funds totaling at least \$12,312.60. Investigators noted at least 64 improperly deleted transactions made by Gardner. In a statement given to investigators, Gardner admitted to deleting both cash and check transactions and using the money from those transactions for her personal expenses. Gardner’s use of computer software applications to execute transaction deletions for a personal benefit constituted a violation of law by refraining to perform a duty imposed by law or that was clearly inherent in the nature of her office or employment. Additionally, the deletions resulted in false entries or alterations of government records thereby impairing the verity or availability of the transaction records. Gardner’s employment was terminated on June 21, 2019 by the White County Clerk when the malfeasance was discovered.

A. Gardner improperly deleted at least 11 check transactions totaling \$6,997.15.

Gardner improperly deleted at least 11 check transactions totaling \$6,997.15 by voiding the check transactions in the accounting software and then removing cash in amounts equal to the 11 checks from the daily bank deposit. Gardner used the diverted funds for personal expenses. An example of this method of misappropriation can be found in documentation provided for February 14, 2019. (Refer to Exhibit 1.)

Exhibit 1



WHITE COUNTY CLERK
1 E. BOCKMAN WAY- RM. 115
PH 931-839-3712
SPARTA, TN 38583

DATE February 14 2019

CURRENCY	2,043	
COINS		15
CASH	2,043	15
FRONT SIDE TOTAL	4,330	93
REVERSE SIDE TOTAL	6,374	08

TOTAL DEPOSIT \$ 6,374.08

February 14, 2019 deposit slip, reflecting a check total of \$4,330.93 and a cash total of \$2,043.15, for a total deposit of \$6,374.08.

NAME	TRANS	DECAL #/LICE NSE#	LIC/RECEIPT	CASH	CHECK	CHECK #
DEPOSIT AMOUNT				2,354.75	4,019.33	
TOTAL GIFT VOUCHERS: .00						
TOTAL CASH + CHECK: 6,374.08						

February 14, 2019 cash-check report, reflecting a check total of \$4,019.33 and a cash total of \$2,354.75, for a total cash and check of \$6,374.08.

In the example from February 14, 2019, the daily cash-check report should have correctly totaled \$6,685.68, but Gardner voided two check transactions totaling \$311.60 from the accounting software. Gardner then decreased the cash from the daily deposit by \$311.60 and deposited the two checks from the voided transactions in the daily deposit. This manipulation allowed the daily cash-check report to agree with the deposit of \$6,374.08.

B. Gardner improperly deleted at least 53 cash transactions totaling \$5,315.45.

Gardner improperly deleted at least 53 cash transactions totaling \$5,315.45 by voiding the cash transactions from the accounting software. These deletions removed the cash transactions from the daily cash-check report. Gardner then removed the cash from the office which diverted the cash from the daily deposit. This manipulation allowed the totals reflected on the daily cash-check reports to agree with the totals reflected on the daily deposits allowing Gardner to misappropriate funds routinely without detection.

SUMMARY OF MISAPPROPRIATIONS		Amount
A. Deleted check transactions	\$	6,997.15
B. Deleted cash transactions		5,315.45
Total Missappropriations	\$	12,312.60

2. GARDNER IMPROPERLY VOIDED VEHICLE TAG RENEWALS AND REGISTRATIONS RESULTING IN UNREGISTERED VEHICLES ON STATE ROADWAYS

Gardner improperly voided vehicle tag renewals and registrations from the office's accounting software, resulting in unregistered vehicles on state roadways. By deleting transactions from the office's accounting software, vehicle tag and registration renewals were never reported to the Tennessee Department of Revenue.

Gardner's acts of impropriety potentially exposed affected motorists to vehicle registration violations. Pursuant to the provisions of Section 55-4-101 et. seq. *Tennessee Code Annotated*, it is unlawful for motorists to operate a vehicle when the vehicle's registration has expired. Expired tags may result in the issuance of fines and/or fees to the motorist operating the vehicle. Furthermore, as a result of Gardner voiding renewal transactions, individuals whose renewals were deleted may not receive a postcard renewal reminder from the Tennessee Department of Revenue for the year following the deleted renewal.

On August 15, 2022, the White County Grand Jury indicted Laura Ann Gardner on one count of Theft over \$10,000; one count of Violation of Computer Act.

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

[White County Clerk Investigative Exhibit](#)

INTERNAL CONTROL DEFICIENCY

Our investigation revealed a deficiency in internal control which contributed to Gardner's ability to misappropriate funds without detection. This deficiency is noted below:

Deficiency: Lack of oversight by the former and current White County Clerks contributed to Gardner's ability to misappropriate funds totaling \$12,312.60

Gardner was hired by a former county clerk on March 5, 2007. The current county clerk assumed office on September 1, 2018. Both the former and current clerks failed to provide adequate oversight over office employees, which contributed to the opportunity for the misappropriation of \$12,312.60. The accounting software used by the office generated audit logs, which displayed changes made by various users. Because the logs provide an audit trail of deletions and changes

made, they should be routinely reviewed for inappropriate activity. The deletions shown in the audit logs should have been questioned and examined for validity. This lack of oversight allowed Gardner to divert funds from April 3, 2014, through May 10, 2019, without detection.
