



COMPTROLLER'S INVESTIGATIVE REPORT

Parrottsville Police Department

October 21, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

October 21, 2024

Mayor Gayla Hommel
Town of Parrottsville
2025 Old Parrottsville Highway
Parrottsville, TN 37843

Mayor Hommel:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Parrottsville Police 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 4th 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

PARROTTSVILLE POLICE DEPARTMENT

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Parrottsville Police Department. The investigation was limited to selected records for the period July 2021 through January 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 4th Judicial District.

BACKGROUND



Parrottsville (town) is located in Cocke County, Tennessee, with a population of 217 people, 117 households, and 51 families residing in the town as of the 2020 United States Census.

The town is governed by a mayor, two city council members, and a town recorder. The town has a police department (department) that was established in 2014. The department employs a part-time police chief and two part-time police officers. Pursuant to Tenn. Code Ann. § 55-17-109, it is unlawful for any person to engage in business as a motor vehicle dealer without first obtaining a

license. Tenn. Code Ann. § 55-17-102 defines “motor vehicle dealer” to include any person engaged in the business of selling motor vehicles or possessing motor vehicles for the purpose of resale. Tennessee Motor Vehicle Commission Rule 0960-01-.20(3) allows any individual to sell up to five used motor vehicles within a twelve-month period without obtaining a motor vehicle dealer’s license. An individual, as used in this section, includes, but is not limited to, any person or persons living in a single household. However, Tennessee Motor Vehicle Commission Rule 0960-01-.20(2) provides that selling for or contracting with other unlicensed third parties for the sale of used vehicles titled in a third party’s name is strictly prohibited.

RESULTS OF INVESTIGATION

1. A PARROTTSVILLE POLICE OFFICER RECEIVED QUESTIONABLE REIMBURSEMENTS TOTALING AT LEAST \$95,592.95

Investigators identified questionable reimbursements to a Parrottsville police officer (officer) totaling at least \$95,592.95. From July 2021 through January 2023, the officer used personal funds to purchase 70 vehicles through GovDeals.com. The officer also used personal funds to pay expenses, including vehicle parts and repairs, fuel, and transportation costs, and was subsequently

reimbursed by the town. The former town mayor approved the officer to purchase the vehicles and make repairs or improvements to them for resale purposes to generate revenue for the department. The officer did not obtain a license to engage in the business of selling motor vehicles, nor did any other employee or representative of the town. GovDeals.com is an online marketplace where government entities can buy and sell surplus vehicles and other inventory through an auction process. Private citizens can also purchase non-police vehicles through GovDeals.com.

The officer received reimbursement from the town for which there was no supporting documentation, totaling \$29,140.41. Furthermore, investigators reviewed documentation provided by the officer and determined that reimbursements totaling \$66,450.54 are questionable. Several of the questionable reimbursements lacked adequate documentation of receipts or invoices, lacked adequate documentation of proof of payment, were for purchases made through a third party not affiliated with the town through employment or otherwise, were for purchases of property not in the town's possession, or were documented by invoices that could not be authenticated.

A. The officer received questionable reimbursements totaling \$29,140.41 for which no supporting documentation was provided

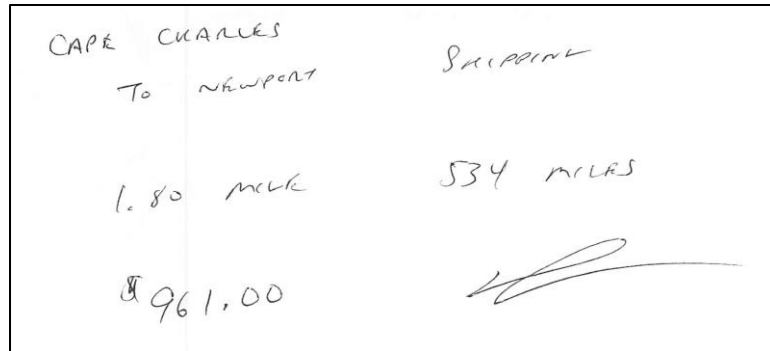
During the period reviewed, the town issued 25 reimbursement checks to the officer, totaling \$472,430.72. The town did not maintain adequate documentation for the reimbursement checks issued to the officer. Records maintained by the town only support \$399,454.82 in reimbursements to the officer. However, the officer provided investigators documentation intended to support reimbursements totaling \$443,290.31. Investigators reviewed the documentation provided and question \$66,452.54 in reimbursements. Furthermore, no supporting documentation was provided by the town or the officer to support the additional reimbursements totaling \$29,140.41 (\$472,430.72 less \$443,290.31).

B. The officer received questionable reimbursements totaling \$66,452.54, which investigators could not determine were for the exclusive benefit of the town

1. Investigators identified reimbursements totaling \$7,263.01 that lacked adequate supporting documentation

In 22 instances totaling \$7,263.01, the officer was reimbursed for purchases that lacked adequate documentation of receipts or invoices. For example, the officer submitted photographs of gas pump displays for reimbursement of fuel purchased in lieu of receipts. These photographs did not provide adequate information, such as the date, time, location, or purpose for the purchase. The officer also submitted handwritten notes in lieu of receipts. These handwritten notes did not provide adequate information, such as the date, location, or purpose for the purchase (**Refer to Exhibit 1**).

Exhibit 1



A handwritten note submitted by the officer for reimbursement indicating \$961.00 was paid for hauling an unknown vehicle from and to an unknown location on an unknown date.

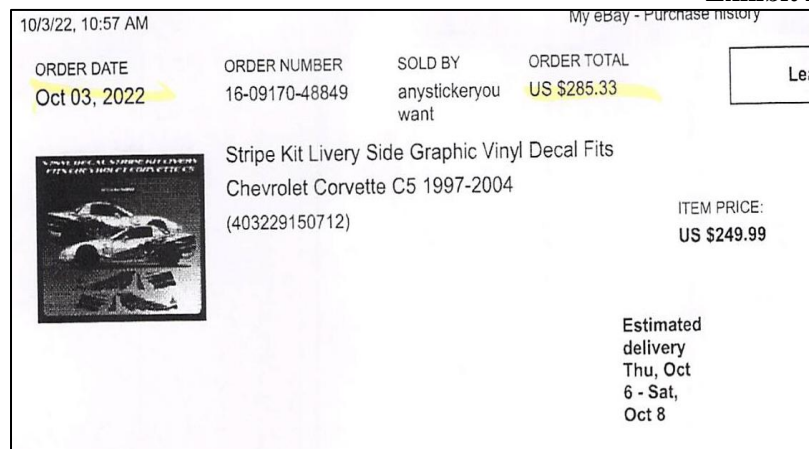
2. *Investigators identified reimbursements totaling \$25,208.99 that lacked adequate proof of payment*

In five instances totaling \$25,208.99, the officer was reimbursed for the purchase of vehicles that lacked adequate documentation of proof of payment. The officer submitted records showing how much was paid for the vehicles but did not provide records of payment for the vehicles.

3. *Investigators identified reimbursements totaling \$12,420.51 that lacked documentation that the purchases were for the exclusive benefit of the town*

In 29 instances totaling \$12,420.51, the officer submitted receipts or invoices for reimbursement of items purchased, but the purchases lacked documentation showing that the purchase was for town purposes. Investigators noted at least one instance in which the officer submitted an invoice and received payment for parts for a vehicle the town did not purchase (**Refer to Exhibit 2**).

Exhibit 2



A receipt for the purchase of graphic decals for a 1997-2004 Chevrolet Corvette. The town never purchased a Chevrolet Corvette.

4. *Investigators identified reimbursements totaling \$436.61 that were made by a third party not affiliated with the town*

In seven instances totaling \$436.61, the officer submitted receipts or invoices for purchases that were made using a private citizen's debit card. In one purchase, the private citizen paid cash for the purchase. This private citizen is not affiliated with the town (**Refer to Exhibit 3**).

Exhibit 3

670655

CUSTOMER'S ORDER NO.		DEPARTMENT	Parrottsville	DATE	7-27-22
NAME		Police Dept			
ADDRESS		[REDACTED]			
CITY, STATE, ZIP		Parrottsville, TN 37843			
SOLD BY		CASH	C.D.D.	CHARGE	ON ACCT.
B. Lane		<input checked="" type="checkbox"/>			
MOSE RETD.		PAID OUT			
QUANTITY	DESCRIPTION	PRICE	AMOUNT		
1	Full Tint 15%	140.00	140.00		
2	Dodge Charger				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15	Miller's Custom Tint				
16	1161 Forest Hills Drive				
17	Parrottsville, TN 37843				
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Receipt for the purchase of window tint that a private citizen paid for in cash.

5. *Investigators identified reimbursements totaling \$2,739.13 for equipment not in the town's possession*

In seven instances totaling \$2,739.13, the officer submitted receipts or invoices for property such as an engine stand and shop crane, but investigators did not find these items in the town's possession. The officer admitted to investigators that these items were at locations other than town hall. The alternate locations included a friend's and a family member's residence. After speaking with investigators, the officer subsequently brought the property back to town hall.

6. *Investigators identified reimbursements totaling \$18,384.29 that lacked adequate detail*

In 14 instances totaling \$18,384.29, the officer submitted handwritten invoices for labor costs related to the repair of 14 different vehicles. None of the invoices showed a vendor name. All the invoices were undated, many were illegible, and several did not identify the

specific vehicle for which the work was performed. The labor costs reported on the invoices cannot be verified because the issuer of the invoices is deceased (**Refer to Exhibit 4**).

Exhibit 4

QTY.	PART NO.	NAME OF PART	PRICE	WARRANTY Y/N
1		Washers (Lacking)	220.79	
2		Head Bolt Set	52.78	
1		Engine Timing Belt	112.25	
1		Engine Thermostat	13.39	
1		PC Valve and Filter	5.99	
1	5000	SP 5W oil	26.99	
2	9209	SP 5W oil	26.99	
8		PC Valve Spool Plug	59.72	
1		PC Valve Timing Set	91.25	
16		PUSHRODS	79.84	
1		Head Gasket set	216.34	
1		Lucas Cap Assembly	4.99	
1		Full Strength Antifreeze	7.99	
3		Brake Cleaner	11.97	
TOTAL PARTS				

NAME [REDACTED]		PHONE
ADDRESS		
CITY, STATE, ZIP Parrottsville		
2ND AUTHORIZED NAME		PHONE

RECEIVED (DATE & TIME)	A.M. / P.M.	CUSTOMER'S ORDER NO.	PROMISED (DATE & TIME)	A.M. / P.M.
YEAR • MAKE • MODEL	2012 Chevrolet Equinox GS		SERIAL #/VIN	
LICENSE NO.	ODOMETER		MOTOR #	
<input type="checkbox"/> LUBE <input checked="" type="checkbox"/> OIL CHANGE <input type="checkbox"/> FLUSH TRANS. <input type="checkbox"/> FLUSH DIFF. <input type="checkbox"/> WASH <input type="checkbox"/> POLISH				
CHARGE FOR HAZARDOUS OR OTHER WASTE REMOVAL*				
CATER RIGIDS / CATER			334.69	
CATER BRAKE PADS			33.00	
TURN FRONT ROTORS			76.00	
1 - AIR FILTER			24.00	
1 - BATTERY			70.00	
METHOD OF PAYMENT:			Daily Storage fee after repair work has been completed and customer has been notified. No charges shall accrue or be due and payable for a period of 3 working days from date of notification.	
<input type="checkbox"/> CHECK <input type="checkbox"/> CHARGE <input type="checkbox"/> CASH			LABOR ONLY 2200.00	
LABOR			PARTS 1121.53	
<input type="checkbox"/> FLAT RATE <input type="checkbox"/> HOURLY <input type="checkbox"/> BOTH			ACCESSORIES	
<input type="checkbox"/> RETAIN PARTS <input type="checkbox"/> DESTROY PARTS			GAS, OIL & GREASE	
AUTHORIZED BY			MISC. MERCHANDISE	
GUARANTEE EFFECTIVE UNTIL:			SUBLET REPAIRS	
TIME			STORAGE FEE	
MILEAGE			TAX 41.99	
			TOTAL ▶ 4361.12	

Invoice for work performed on an unknown vehicle with a \$2,200 charge for labor.

Summary of Questionable Reimbursements to the Officer

Questionable Reimbursements	Amount
A. Reimbursements with No Supporting Documentation	\$ 29,140.41
B. Reimbursements without Adequate Supporting Documentation	
1. Reimbursements Lacking Adequate Documentation of Receipts or Invoices	\$ 7,263.01
2. Reimbursements Lacking Adequate Documentation of Proof of Payment	\$ 25,208.99
3. Reimbursements Lacking Documentation for the Benefit of the Town	\$ 12,420.51
4. Reimbursement of Purchases Made by a Third Party not Affiliated with the Town	\$ 436.61
5. Reimbursements of Equipment not in the Town's Possession	\$ 2,739.13
6. Reimbursements Lacking Adequate Supporting Detail	\$ 18,384.29
Total	\$ 95,592.95

2. A PARROTTSVILLE POLICE OFFICER USED THE TOWN'S GOVDEALS.COM ACCOUNT TO PURCHASE VEHICLES HE SOLD TO PRIVATE CITIZENS

Using the town's GovDeals.com account, the officer bought five vehicles through GovDeals.com that he sold to private citizens. The officer used his personal funds and paid a total of \$23,207.49 for these vehicles and sold them for a total of \$37,500. The officer personally profited \$14,292.51 from the sale of these vehicles. Although the officer bought these vehicles with personal funds and the town did not reimburse him for the purchase of these vehicles, the practice of using the town's account to buy vehicles through GovDeals.com and selling the vehicles to private citizens for personal profit is questionable.

3. A PARROTTSVILLE POLICE OFFICER USED THE TOWN'S GOVDEALS.COM ACCOUNT TO PURCHASE A RESTRICTED VEHICLE HE SOLD TO A PRIVATE CITIZEN

GovDeals.com restricts certain vehicles to be sold to law enforcement only, such as vehicles that are equipped with emergency equipment (blue lights and sirens). In 2021, the officer bought a restricted vehicle through GovDeals.com from a police department in Ohio. When the officer went to the police department in Ohio to pick up the vehicle, he took a private citizen with him. The citizen gave money to the officer, and the officer, in turn, gave the citizen's money to the police department in Ohio for the vehicle. When the officer and the citizen returned to Tennessee with the vehicle, the officer gave the title of the vehicle to the citizen, who later registered the vehicle in his name. The officer used his position as a law enforcement officer and the town's GovDeals.com account to buy this restricted vehicle for a private citizen.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Parrottsville is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Providing adequate oversight and establishing internal controls reduces the risk that errors or intentional misappropriations will remain undetected. Investigators noted the following deficiencies in internal controls and compliance:

Deficiency 1: Town officials failed to establish a formal written purchasing policy

Town officials failed to establish a formal written purchasing policy. The town made regular payments to an officer for the purchase of town vehicles through GovDeals.com and related expenses including repairs, parts, fuel, and transportation after purchase as reimbursements. Tenn. Code Ann. § 9-18-102(a)(2) requires that municipal governments establish and maintain internal controls that shall provide reasonable assurance that "funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation." The lack of a written purchasing policy increases the risk of improper use or misappropriation of town funds.

Deficiency 2: Town officials failed to require adequate supporting documentation for disbursements

Town officials did not require or retain invoices, vendor receipts, or other adequate supporting documentation for reimbursements. Investigators could not determine whether all the reimbursements to the officer were for the benefit of the town. The town reimbursed the officer based on the records the officer submitted. However, many of the records the officer submitted lacked sufficient detail about why the purchase was made, or which specific vehicle the purchase was for. Town checks issued to the officer were for multiple GovDeals.com vehicle purchases and related expenses. The town did not require or maintain adequate records to support vehicle purchases or related expenses. Requiring adequate supporting documentation, such as invoices or receipts, allows management to verify the payment is proper and reasonable. Failure to require and retain adequate supporting documentation increases the risk that errors or misappropriation could occur without prompt detection.

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