



## COMPTROLLER'S INVESTIGATIVE REPORT

### City of Gallatin

*March 30, 2026*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

March 30, 2026

Mayor Paige Brown  
City of Gallatin  
132 West Main Street  
Gallatin, TN 37066

Mayor Brown:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the City of Gallatin, 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 18<sup>th</sup> 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

## City of Gallatin

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Department of Revenue, investigated allegations of malfeasance related to the City of Gallatin. The investigation was limited to selected records for the period March 25, 2015, through November 18, 2025. The results of the investigation were communicated with the Office of the District Attorney General of the 18<sup>th</sup> Judicial District.

### BACKGROUND



The City of Gallatin (city), located in Sumner County, Tennessee, is governed by a mayor and city council. The city issues purchasing cards to certain employees for city purchases. All purchases made with a city purchasing card are reviewed by the employee's supervisor. The city's finance department includes a purchasing agent responsible for purchasing and bid processes for multiple city departments.

The city has an Amazon Business account with user accounts assigned to employees across various departments.

Employees use their city purchasing cards to make purchases through their individual Amazon Business user accounts. Purchases made through the city's Amazon Business account are tax-exempt.

James R. (J.R.) Smith Jr. was hired as the city's purchasing agent in August 2009 and was an administrator on the city's Amazon Business account. In November 2024, another city account administrator identified questionable transactions placed using Smith's user account, paid with Smith's personal credit or debit card. Smith told his supervisor that the purchases made on the city's Amazon Business account were in error and would be returned. In August 2025, a city employee discovered that Smith continued making personal purchases on the city's Amazon Business account after the November 2024 incident. Although Smith used a personal credit or debit card for payment, no sales tax was paid on the purchases. Smith's employment with the city was terminated on November 18, 2025.

## RESULTS OF INVESTIGATION

### 1. FORMER CITY OF GALLATIN PURCHASING AGENT JAMES R. SMITH JR. USED THE CITY’S AMAZON BUSINESS ACCOUNT TO AVOID SALES TAX AND RECEIVE DISCOUNTS ON PERSONAL PURCHASES

#### A. Smith avoided paying \$1,128.49 in sales tax by using the city’s Amazon Business account to make personal purchases

Smith avoided paying \$1,128.49 in sales tax by using the city’s Amazon Business account to make personal purchases. From March 25, 2015, through November 18, 2025, Smith made 133 personal purchases using the city’s Amazon Business account and improperly used the city’s sales tax exemption to avoid paying sales tax on 130 of those purchases. Smith used his personal credit card to pay for these purchases. These personal purchases were shipped to Smith’s personal residence, Gallatin City Hall, and the residences of Smith’s relatives. Smith began remitting the unpaid sales tax amount to the Tennessee Department of Revenue on November 25, 2025.

Calculation of Sales Tax Avoided by Smith on Personal Purchases		
Personal Purchases without Sales Tax Paid	\$	12,199.93
Sumner County Sales Tax Rate	x	9.25%
<b>Sales Tax Avoided</b>	<b>\$</b>	<b>1,128.49</b>

#### B. Smith received an undue benefit of \$39.64 in discounts on personal purchases

Smith received an undue benefit of \$39.64 in discounts on 28 personal purchases made through the city’s Amazon Business account. The discounts received were business pricing exclusive to Amazon Business accounts and would not have been available to Smith through a personal Amazon account.

### 2. FORMER CITY OF GALLATIN PURCHASING AGENT JAMES R. SMITH JR. DELETED HIS PERSONAL PAYMENT METHODS FROM THE CITY’S AMAZON BUSINESS ACCOUNT TO CONCEAL EVIDENCE OF PERSONAL PURCHASES

Smith deleted his personal credit and debit card information from the payment methods saved to his assigned user account on the city’s Amazon Business account to conceal evidence of personal purchases. Smith was notified on the morning of November 18, 2025, that he would meet with investigators about issues with the city’s Amazon Business account. Smith told investigators that, after receiving this notification, he deleted his personal credit and debit card information from the payment methods saved on his city assigned user account.

On March 2, 2026, the Sumner County Grand Jury indicted James R. Smith Jr. on one count of Tax Evasion; one count of Official Misconduct; and one count of Destruction of Government Records.

The charges and allegations contained in the 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.

[City of Gallatin Investigation Exhibit](#)

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## INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal controls. These deficiencies included:

### **Deficiency 1: The former purchasing agent violated the city’s use-of-position policy**

Smith violated the city’s use-of-position policy by using the city’s Amazon Business account to avoid paying sales tax on personal purchases and to receive exclusive business account discounts. The city’s personnel rules and regulations state that “no municipal official or employee shall make or attempt to make private purchases, for cash or otherwise, in the name of the municipality, nor shall he/she otherwise use or attempt to use his/her position to secure unwarranted privileges or exemptions for himself/herself or others.”

### **Deficiency 2: The former purchasing agent violated the city’s use of municipal computer systems policy**

Smith violated the city’s use of computer systems policy by using his city laptop to make personal purchases through the city’s Amazon Business account. The city’s personnel rules and regulations state that “the use of the city’s business systems or equipment, including... computers, ... and internet access for personal use is prohibited other than de minimus personal use. Employees abusing the city’s business systems or equipment for non-work-related purposes are subject to disciplinary action appropriate for the offense.”

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