
STATE OF TENNESSEE

**SPECIAL REPORT ON WILSON COUNTY'S
PARTICIPATION IN THE
JOINT VIOLENT CRIMES TASK FORCE
AND
SAFE STREETS TASK FORCE**

**FOR THE PERIOD JANUARY 1, 2008
THROUGH MAY 31, 2011**



Division of Local Government Audit



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IN THE
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July 3, 2012

To the Wilson County Sheriff,
City of Lebanon Mayor,
Tennessee Bureau of Investigation, and the
Federal Bureau of Investigation

On May 2, 2011, the Tennessee Bureau of Investigation (TBI) and the Federal Bureau of Investigation (FBI) requested our assistance in an investigation they were conducting related to seized cash, vehicles, and other assets specifically related to the Wilson County Sheriff Department's participation in the Joint Violent Crimes Task Force (JVCTF) and Safe Streets Task Force (SSTF). Our assistance involved examining cases managed by the Wilson County Sheriff's Department and accounting for seized vehicles and cash awarded to the Wilson County Sheriff's Department. In addition, we examined seizure records and a bank account maintained by the City of Lebanon. Deputy Sheriff John Edwards was assigned to head Wilson County's participation in the JVCTF and SSTF. It should be noted that John Edwards pled guilty to obstruction of official proceeding, and was sentenced on April 27, 2012, to 18 years in prison.

We reviewed the findings resulting from this special investigation with the district attorney general, Wilson County Sheriff, City of Lebanon, TBI, and FBI. These findings, together with our recommendations and managements' responses, are presented in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Arnette".

Jim Arnette, Director
Division of Local Government Audit

cc: Honorable Tom P. Thompson, District Attorney General
Honorable Torry Johnson, District Attorney General

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THE JOINT VIOLENT CRIMES TASK FORCE
AND SAFE STREETS TASK FORCE**

**FOR THE PERIOD JANUARY 1, 2008
THROUGH MAY 31, 2011**

BACKGROUND

The Wilson County Sheriff's Department and City of Lebanon Police Department participated in a Joint Violent Crimes Task Force (JVCTF). The Wilson County Sheriff's Department and the Federal Bureau of Investigation (FBI) also operated a joint task force called Safe Streets Task Force (SSTF). The two departments had an agreement in place for the JVCTF that referenced FBI participation; however, the FBI did not sign this agreement.

On May 2, 2011, the Tennessee Bureau of Investigation (TBI) and the FBI requested our assistance in an investigation they were conducting related to seized cash, vehicles, and other assets specifically related to the Wilson County Sheriff Department's participation in the two joint task forces. We also examined certain seizure records and a bank account maintained by the City of Lebanon. We conducted interviews, reviewed drug fund bank statements, reviewed seized cash and vehicles, and traced awards to the departments. Deputy Sheriff John Edwards was assigned to head Wilson County's participation in the joint task forces. In addition, Deputy Edwards had federal credentials that allowed him to work as an agent of the FBI while participating in the task forces.

AGREEMENTS

On June 25, 2009, the Wilson County Sheriff's Office entered into a Memorandum of Understanding (MOU) with the FBI to participate in the SSTF. The mission of the SSTF was "to identify and target for prosecution organized crime groups responsible for drug trafficking, money laundering, alien smuggling, crimes of violence (murder), robbery (aggravated assault), [and] violent street gangs, as well as an intensified focus on the apprehension of dangerous fugitives." The MOU stated that reports prepared in cases assigned to state, county, and local participants will be maintained at a FBI approved location and original documents will be maintained by the FBI. In addition, the FBI would be responsible for the processing of assets seized for federal forfeiture in conjunction with SSTF operations.

On June 30, 2009, the Wilson County Sheriff's Office and the City of Lebanon Police Department entered into a Memorandum of Agreement (MOA) to participate in the JVCTF. The mission of the JVCTF was to "investigate the illegal trafficking of narcotics and gang activity planning or carrying out illegal activities in or affecting Lebanon, Wilson County, Tennessee." Funds derived from fines, seizures, and any other funds generated by the JVCTF would be deposited in the JVCTF account at a local bank until the participating agencies determined an allocation of the proceeds.

Findings and recommendations, as a result of our investigation, are presented below. We reviewed these findings and recommendations with the district attorney general, the Wilson County Sheriff, the City of Lebanon, TBI, and FBI. The written responses of the Wilson County Sheriff are paraphrased in this report.

FINDING 12.01 A LACK OF CONTROL EXISTED OVER CASE FILES, SEIZURE FILES, AND SEIZED ASSETS AND EVIDENCE MAINTAINED BY THE JOINT VIOLENT CRIMES TASK FORCE

We noted a lack of internal controls and a lack of management oversight in the maintenance of case files, seizure files, and seized evidence as follows:

- A. The Joint Violent Crimes Task Force (JVCTF) did not maintain a master log of task force cases worked. Some case files and some seizure files were incomplete and/or missing. The City of Lebanon Police Department purchased software (Drug Tracker) on behalf of the JVCTF to track cases and seizures; however, the software was not maintained by agents assigned to the JVCTF or anyone else in the department. Therefore, we were unable to determine if the JVCTF properly accounted for all applicable task force cases.

- B. We noted one case dated March 10, 2010, that listed multiple bags of cocaine had been confiscated; however, the cocaine was never logged into evidence and could not be accounted for.

RECOMMENDATION

The agreements between the law enforcement agencies comprising the JVCTF should be followed. Management should establish and maintain a perpetual log for all task force cases. At a minimum, the log should include the following: case number, date, defendant, brief description of the evidence, signatures of individuals signing case files in and out, and disposition. All confiscated drug evidence should be promptly logged and processed by the evidence clerk.

FINDING 12.02 CASH SEIZED BY THE JOINT VIOLENT CRIMES TASK FORCE TOTALING \$34,708.77 AND AWARDED TO WILSON COUNTY WAS NOT ACCOUNTED FOR

For the period January 1, 2008, through May 31, 2011, we reviewed 56 cases investigated by the Joint Violent Crimes Task Force that resulted in cash being awarded to the Wilson County Sheriff's Department by the Tennessee Department of Safety and Homeland Security totaling \$265,509.79. Our review noted several internal control deficiencies that were the result of a lack of management oversight, which increases the risk of theft. Accounting standards provide that internal controls be designed to safeguard assets.

- A. Cash totaling \$34,708.77 that had been awarded to the Wilson County Sheriff's Department from 14 drug cases was either not deposited or properly accounted for. Of that amount, \$25,908.77 is unaccounted for while \$8,800 was deposited by the Lebanon City Police into their drug bank account, instead of with Wilson County. Section 53-11-415, *Tennessee Code Annotated (TCA)*, requires funds received from drug enforcement activities to be paid to the county trustee and for the funds to be deposited in a special revenue fund maintained by the county.
- B. Management did not reconcile seized cash with cash deposited with the county trustee and cash on hand.
- C. We noted 30 cases where seized cash was not deposited within three days of the award. Seven of these cases were deposited more than 270 days after the seizure. Section 5-8-207, *TCA*, requires management to deposit public funds within three days of seizing the funds.

RECOMMENDATION

Management should attempt to recover the unaccounted for cash awards of \$25,908.77. Written policies and procedures should be established for handling seized cash. The \$8,800 in the Lebanon City Police Department bank account should be properly deposited with the county. Seized cash should be reconciled with deposits with the county trustee and cash on hand. Seized cash should be deposited with the county trustee within three days of seizure as required by state statute.

FINDING 12.03 **VEHICLES SEIZED BY THE JOINT VIOLENT CRIMES TASK FORCE AND AWARDED TO WILSON COUNTY WERE NOT ACCOUNTED FOR AND DISPOSED OF PROPERLY**

During the period August 2008, through May 31, 2011, we examined the financial transactions for the seizure of 60 vehicles awarded by the Tennessee Department of Safety and Homeland Security (TDOS and HS) to the Wilson County Sheriff's Department. Several of these vehicles were not accounted for properly, and we question the authenticity of the paperwork on the disposition of six of the vehicles (Items A-F); therefore, we could not determine if any cash was a part of these transactions. John Edwards, the deputy in charge of the Joint Violent Crimes Task Force operations for Wilson County, was responsible for storing the seized vehicles, selling the seized vehicles, depositing the sale proceeds, and maintaining all records surrounding these transactions. Based on documents obtained from the TDOS and HS, the Wilson County Clerk's Office, and Wilson County Sheriff's Department, we determined the following regarding seized vehicles:

- A. Vehicle title registration records indicate that on May 1, 2011, Thomas Edwards, Jr., purchased a 2001 Ford Ranger through GovDeals internet auction for \$1,500. Proceeds from this sale were not deposited with Wilson County. The signature of an agent with the JVCTF was included on the title

registration form. This signature was forged as evidenced by a written affidavit given to us by the agent. In addition, a representative from GovDeals informed us the transaction did not take place through their internet-based auction.

- B. Vehicle title registration records indicate that on November 18, 2010, BidMor Auction Company, an auction company co-owned by deputy John Edwards, purchased a 2001 Ford F350 (\$5,600) and a 2002 Chevy Avalanche (\$4,000) through GovDeals internet auction. Proceeds from these sales (\$9,600) were not deposited with Wilson County. Documentation of these sales is questionable since Wilson County did not have a contract with GovDeals at the time of the sales.
- C. Vehicle title registration records indicate that on January 15, 2009, Jack's Motorcycles purchased a 1989 Chevrolet S10 truck through Nashville Powersport Auction; however, no dollar value was listed on the registration form. Seizure records indicate this vehicle was actually a 1998 Chevrolet S10. We could not trace any sale proceeds to Wilson County regarding this vehicle.
- D. Vehicle title registration records indicate that on December 12, 2009, Patricia Albino purchased a 1998 Ford F150 through America's Powersport Auction for \$1,300. We could not trace the \$1,300 sale proceeds to Wilson County.
- E. Seizure files indicate a 1994 Geo Prizm was seized on March 17, 2009, and subsequently awarded to Wilson County by the TDOS and HS. We could not find this vehicle on the county's storage lot nor could we find any evidence that this vehicle had been sold.
- F. A 2009 Hyundai Sonata was seized on June 29, 2010, and awarded to Wilson County by TDOS and HS. Mr. Edwards made the owner a confidential informant and returned the vehicle to the defendant; however, proper procedures were not followed to return the vehicle.
- G. Forfeiture warrants for three vehicles were not completed within five working days, as required by Section 40-33-204, *Tennessee Code Annotated*. This statute requires the officer making the seizure to apply for a forfeiture warrant by filing a sworn affidavit within five working days following the property seizure. Two of these vehicles were returned to the owners. One was forfeited to the State of Tennessee due to a title violation.
- H. Records obtained from TDOS and HS reflected nine additional vehicles that were awarded to the Wilson County Sheriff's Department. Sheriff's Department deputies did not have records and could not locate any of the nine seized vehicles. Subsequently, the vehicles were located at the Lebanon Police Department's impound lot and returned to the Sheriff's Department.

- I. We noted a deposit of \$750 from America's Powersport Auction, without any supporting documentation. We could not determine if this money related to the sale of a vehicle or some other type of seized property.

RECOMMENDATION

Management should establish written policies and procedures related to seizing, storing, and disposing of seized vehicles. Management should establish a perpetual inventory log for all seized vehicles. At a minimum, the log should include the following: case number, date, defendant, brief description, location, and disposition. Access to seized vehicles should be restricted and monitored by management.

MANAGEMENT'S RESPONSES – WILSON COUNTY SHERIFF

The Division of Local Government Audit reviewed this report with Wilson County Sheriff Terry Ashe to provide an opportunity for his response. Sheriff Ashe provided a written response to this report, which is paraphrased below:

Finding 12.01

The Division of Local Government Audit conducted a complete review of the Wilson County Sheriff's Department Drug Division. This review was conducted and requested by Sheriff Terry Ashe after receiving information that former employee Deputy John Edwards had mismanaged money and the disposition of seized vehicles while also being employed and assigned as a Federal Bureau of Investigations (FBI) sworn officer. Although several issues at the Sheriff's Office occurred on our watch, the vast majority of his serious misconduct took place while he was under FBI supervision. Please refer to the Memorandum of Understanding (MOU) and the Memorandum of Agreement (MOA).

These funds had been reviewed before and were found to be sound and in good management; what could not be detected was the well thought-out plans by one employee, John Edwards. I hope the Division of Local Government Audit's recommendations put into place by the Wilson County Sheriff's Department are satisfactory to protect future problems. I also want to thank my personal staff for the hard work in helping locate problems and bringing them to the attention of the auditors so we could collectively find solutions.

It was always my understanding that all officers in the Joint Violent Crimes Task Force (JVCTF) with the Wilson County Sheriff's Department, the Lebanon Police Department, and the FBI were being supervised by the FBI. This can be supported again by the copies of the MOU and the MOA. This within itself does not excuse the conduct of a former employee who appears to have acted alone in his efforts to discredit himself, but those who worked around him. It appears that his plans were so well designed that not only did the Lebanon Police Department, the Wilson County Sheriff's Department, the FBI, and the Drug Enforcement Administration (DEA), and our local district attorney general's office did not recognize this activity even though they worked alongside Deputy Edwards on a day-to-day basis.

We have taken a proactive step in hiring a former senior drug agent, who has extensive narcotic investigation and background with federal, state, and local agencies.

Finding 12.02

We have located some 27 percent of the missing funds in a joint account held by the Lebanon Police Department. Written policies are now supported by documentation on seized monies, where multiple agencies have to account for seized funds.

Finding 12.03

Written policies and procedures for the implementation of perpetual inventory logs are now in place. Additional cameras have been installed at our impound lots and storage buildings.