

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

St. Helena Parish Assessor's Office  
Greensburg, Louisiana

April 25, 1997



*Investigative Audit*

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*Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor*

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**Daniel G. Kyle, Ph.D., CPA, CFE**

**DIRECTOR OF INVESTIGATIVE AUDIT**

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

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# St. Helena Parish Assessor's Office

April 25, 1997



**Investigative Audit  
Office of the Legislative Auditor  
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor**



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DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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April 25, 1997

**THE HONORABLE CHANEY L. PHILLIPS, ASSESSOR**  
**ST. HELENA PARISH ASSESSOR'S OFFICE**  
Greensburg, Louisiana

Transmitted herewith is our investigative report on the St. Helena Parish Assessor's Office. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes and was performed to determine the propriety of certain allegations received by this office.

This report presents our findings and recommendations, as well as the responses of Mr. Chaney Phillips. We have also provided additional information pertaining to the responses of Mr. Phillips. Copies of this report have been delivered to the Honorable Scott Perrilloux, District Attorney for the Twenty-First Judicial District of Louisiana, the United States Attorney for the Middle District of the State of Louisiana, and others as required by state law.

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

AFB/ka

[STHELAS]





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# Executive Summary

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## Investigative Audit Report St. Helena Parish Assessor's Office

The following summarizes the findings, recommendations, management's responses, and additional information that resulted from this investigation. Detailed information relating to the findings and recommendations may be found at the page number indicated. Management's responses may be found at Attachment I and additional information may be found at Attachment II.

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**Assessor Paid Individual \$8,000; No  
Documentation Was Provided to  
Indicate Work Was Performed**

**(Page 1)**

- Finding:** Mr. Chaney L. Phillips, St. Helena Parish Assessor, carried Mr. Emerson Newman on the payroll of the St. Helena Assessor's Office for ten months during 1995 and paid him \$8,000; however, none of the employees of the assessor's office we interviewed were aware of any work performed by Mr. Newman. The ten payroll checks were deposited into the account of Newman & Associates, a local hardware store. Copies of records represented to be from the accounts receivable ledger of Newman & Associates indicate that Mr. Newman's ten paychecks, which amounted to \$4,758 after taxes and other deductions, were posted as credits to Mr. Phillips' personal account.
- Recommendation:** We recommend the District Attorney for the Twenty-First Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.
- Management's Response:** Mr. Phillips stated that Mr. Newman performed duties assigned to him relative to the quadrennial reassessment. He further stated that he sold Mr. Newman a horse on credit and that Mr. Newman credited his (Phillips) account at the hardware store as payment. Mr. Phillips added that as soon as the horse was born he presented Mr. Newman with the registration papers. In addition, Mr. Phillips stated that he

notified his accountant to show the amount of the material received from the hardware store as the sale price of the horse on his 1996 income tax return.

**Additional Information:** Mr. Phillips did register a horse in his name with the American Quarter Horse Association (AQHA) and the Louisiana Quarter Horse Breeders Association. However, the horse was not registered until seven months after its birth. In addition, the registration was never transferred to Mr. Newman. When we asked to see the horse, Mr. Newman said it had died.

The building materials were purchased by Mr. Phillips during 1994 and 1995 and the sale of the horse supposedly occurred during 1995. Therefore, Mr. Phillips should have reported this transaction on his 1994 or 1995 tax returns not during 1996.

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#### **Assessor Purchases Personal Clothing With Public Funds**

(Page 2)

**Finding:** According to Mr. David K. Albin, owner of Royale Oak clothing store, Mr. Chaney L. Phillips, St. Helena Parish Assessor, purchased business suits for himself but asked him (Albin) to write the invoices as if they were uniforms for employees of the assessor's office. These invoices, totaling \$1,482, were paid for with funds belonging to the assessor's office.

**Recommendation:** We recommend the District Attorney for the Twenty-First Judicial District of Louisiana and the United States Attorney for the Middle District of the State of Louisiana review this information and take appropriate legal action, to include seeking restitution.

**Management's Response:** Mr. Phillips denied that he purchased personal clothing with public funds. Mr. Phillips stated that he could not recall the \$840 invoice, but assumed it was for replacement uniform items. He stated that the \$642 was for uniforms that he did not receive. Mr. Phillips stated that Mr. Albin informed him that he (Albin) could not get the uniforms in a timely manner. He then asked Mr. Albin to refund his payment. Mr. Phillips stated that all uniform purchases were legitimate.

**Additional Information:** The three office employees confirmed that they only received uniforms during 1994. Also, as reported in our finding, Mr. Albin stated that the payments of \$840 and \$642 were for business suits tailored for Mr. Phillips. Mr. Albin further stated that the letter which accompanied the \$642 refund check was prepared at the request of Mr. Phillips and is incorrect.

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**Assessor Uses Public Credit Card  
for Personal Use**

**(Page 4)**

**Finding:** On February 20, 1994, the St. Helena Parish Assessor's Mastercard was used at Casino Magic in Bay St. Louis, Mississippi, to obtain a \$1,000 cash advance. The assessor's office has not provided a business purpose for this transaction.

**Recommendation:** Mr. Phillips should neither use nor permit the use of public assets for personal purposes. Further, we recommend the District Attorney for the Twenty-First Judicial District and the United States Attorney for the Middle District of the State of Louisiana review this information and take appropriate legal action, to include seeking restitution.

**Management's Response:** Mr. Phillips responded that he inadvertently used the assessor's office Mastercard to obtain a cash advance at Casino Magic. He stated that when he found out that this charge was on the assessor's office card he tried to have the casino personnel transfer the charge to another card. They could not. Mr. Phillips stated that he then proceeded to pay the charges.

**Additional Information:** Though Mr. Phillips maintains that this use of the public credit card was unintentional, more than two years later he had not fully repaid the \$1,000.

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**Assessor Paid Employee for Services  
Not Provided**

**(Page 5)**

**Finding:** Mr. Chaney L. Phillips, St. Helena Parish Assessor, used public funds to pay Ms. Jean Newman for services that were not provided.

**Recommendation:** Mr. Phillips should comply with the laws of Louisiana by not diverting funds of the assessor's office to his personal use or the use of his friends and associates. Also, we recommend the District Attorney for the Twenty-First Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

**Management's Response:** Mr. Phillips denied that he ever told the investigative auditors anything about the specific duties of any employee. He stated that when he hired Ms. Jean Newman he informed her that there would be many things that she would have occasion to know about taxpayer's property and that it was not to be discussed with anyone other than him. Mr. Phillips responded that the \$9,959 for insurance and retirement benefits was not paid by the assessor's office, but deducted from Ms. Newman's salary.

**Additional Information:** In our initial meeting with Mr. Phillips, he provided very specific job duties performed by Ms. Newman. According to Mr. Phillips, Ms. Newman worked in the office performing filing and typing services and recording information provided by taxpayers on ledger sheets.

According to Mr. Phillips, the amount paid for Ms. Newman's insurance and benefits was not \$9,959 as reported in our finding. Based on information recently provided to this office, the amount paid by the assessor's office on behalf of Ms. Newman was actually \$5,870. This amount was not deducted from Ms. Newman's salary.

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**Publicly Funded Cellular Telephone Used  
for Personal Purposes**

**(Page 6)**

**Finding:** Mr. Chaney L. Phillips, St. Helena Parish Assessor, used the cellular telephone paid for with public funds to make calls which appear unrelated to the business of the assessor's office. As a result, \$115 of public funds may have been spent improperly for calls made during a two-month period.

**Recommendation:** The assessor should review his cellular telephone records and reimburse the assessor's office for that use which does not relate to the business of the assessor's office. Further, the assessor should not use public assets for personal purposes.

**Management's Response:** Mr. Phillips stated that if he improperly used the cellular phone for personal calls it was through inadvertence. He stated that he believes that his use of the phone has been proper. However, he has implemented new procedures for closer evaluation of calls since this was brought to his attention.

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**Public Funds Used for Undocumented  
Legal Services**

**(Page 7)**

**Finding:** Mr. Chaney L. Phillips, St. Helena Parish Assessor, paid Mr. Lewis Unglesby, an attorney, \$10,000 from the assessor's office account; however, the assessor's office does not have any documentation in its files to support the purpose of this payment.

**Recommendation:** Mr. Phillips should obtain adequate support and documentation to support this disbursement. Further, Mr. Phillips should implement a policy that no disbursement of public funds under his custody be made without first obtaining adequate written support for the disbursement.

**Management's Response:** We received a letter on Unglesby & Koch letterhead stating, "A lawyer's work is confidential between the attorney and the client. Only at such time as the work is completed, can the details be provided, otherwise the confidentiality collides with the public records law. At such time, an appropriate justification will be provided."

**Additional Information:** Since the \$10,000 paid to the attorney, Mr. Unglesby, was obtained from the assessor's office public account, the public is entitled to an explanation as to the use of their tax dollars.

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# Background and Methodology

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This office received various allegations of possible improper activities occurring at the assessor's office. These allegations indicated that individuals who were not actually working for the assessor were being paid with public funds, the assessor's office credit card was being used for the assessor's personal benefit, and the assessor used his publicly funded cellular phone for personal purposes. We conducted our investigation to determine the propriety of these allegations and other matters that came to our attention.

Our procedures consisted of (1) interviewing the assessor, employees of the assessor's office, and other persons as appropriate; (2) examining documents related to the allegations; (3) making inquiries and performing tests to the extent we considered necessary to achieve our purpose; and (4) reviewing applicable Louisiana and United States laws.

The result of our investigation is the findings and recommendations presented herein.





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# Findings and Recommendations

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## **ASSESSOR PAID INDIVIDUAL \$8,000; NO DOCUMENTATION WAS PROVIDED TO INDICATE WORK WAS PERFORMED**

Mr. Chaney L. Phillips, St. Helena Parish Assessor, carried Mr. Emerson Newman on the payroll of the St. Helena Assessor's Office for ten months during 1995 and paid him \$8,000; however, none of the employees of the assessor's office we interviewed were aware of any work performed by Mr. Newman. The ten payroll checks were deposited into the account of Newman & Associates, a local hardware store. Copies of records represented to be from the accounts receivable ledger of Newman & Associates indicate that Mr. Newman's ten paychecks, which amounted to \$4,758 after taxes and other deductions, were posted as credits to Mr. Phillips' personal account.

Mr. Phillips carried Mr. Newman on the assessor's office payroll from February 1995 through November 1995. During this time, Mr. Phillips paid Mr. Newman a gross salary of \$800 per month totaling \$8,000. However, our investigation revealed no evidence of any work performed by Mr. Newman. In addition, employees of the assessor's office we interviewed told us that they were not aware of any work performed by Mr. Newman.

We were informed by Ms. Katie Newman, wife of Mr. Emerson Newman, that Mr. Phillips carried Mr. Newman on the payroll as a method of paying his (Phillips') personal debt at Mr. Newman's hardware store. The ten canceled checks indicate that they were deposited to the account of Newman & Associates. Copies of records represented to be from the accounts receivable ledger of Newman & Associates indicate that Mr. Newman's ten paychecks, which amounted to \$4,758 after taxes and other deductions, were posted as credits to Mr. Phillips' personal account.

According to Mr. Newman, the items charged to Mr. Phillips' account were for Mr. Phillips' personal use. He further explained that the police jury made the purchases for the assessor's office and, therefore, those purchases would be charged to another account.

We spoke with Mr. Jim Watson, a contractor who informed us that he built Mr. Phillips' house. According to Mr. Watson, he began construction during the fall of 1994 and got most of the electrical and plumbing supplies for Mr. Phillips' house at Newman & Associates. He explained that he charged some of the items to Phillips' account at Newman & Associates.

Mr. Newman informed us that he worked part-time appraising property for the assessor's office, but he provided no details as to specific properties he appraised. When asked whether he contacted the property owner when he did his appraisals, he said no. We asked if he had any written record of the work he performed. He said he might, and that he would show us that record only if he had to.

Our investigation also revealed that during the time Mr. Newman was on the assessor's payroll, Mr. Tommie C. McMorris, a certified appraiser, was paid \$450 monthly to perform the appraisals for the assessor's office. Though we found documents in the assessor's files to support Mr. McMorris' services, we found no documentation to support any work performed by Mr. Newman.

These actions may be in violation of the following laws:

- R.S. 14:67, "Theft"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 14:138, "Public Payroll Fraud"
- R.S. 42:1461, "Obligation not to Misappropriate"
- Article VII, Section 14 of the Louisiana Constitution, "Donation of Public Assets"

We recommend the District Attorney for the Twenty-First Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

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## **ASSESSOR PURCHASES PERSONAL CLOTHING WITH PUBLIC FUNDS**

**According to Mr. David K. Albin, owner of Royale Oak clothing store, Mr. Chaney L. Phillips, St. Helena Parish Assessor, purchased business suits for himself but asked him (Albin) to write the invoices as if they were uniforms for employees of the assessor's office. These invoices, totaling \$1,482, were paid for with funds belonging to the assessor's office.**

On January 5, 1994, Mr. Phillips purchased uniforms from Royale Oak, a clothing store in Hammond, Louisiana, for the assessor's office staff. This purchase cost the assessor's office \$1,183, and provided the three office employees with pants, skirts, shirts, ties, and blazers. A second purchase was made from Royale Oak on April 10, 1995, for \$840 and a third purchase was made on May 30, 1996, for \$642. These invoices indicate that the purchases included

blouses, bow ties, skirts, and coats. Each of these purchases were paid for with checks signed by Mr. Phillips and drawn on the assessor's office account. According to Ms. Mildred Birch, Deputy Assessor, each of these payments were mailed to Royale Oak.

While the three office employees confirm that they received uniforms during January 1994, all three stated that this was the only time they received uniform apparel. They also stated that they were not aware of any other employees who received uniforms.

On January 10, 1997, Mr. David K. Albin, owner of Royale Oak, stated that while the first purchase was uniforms for the assessor's office staff, the second and third purchases were actually business suits tailored for Mr. Phillips. He further stated that Mr. Phillips requested that he write the invoices as uniforms. According to Mr. Albin, Mr. Phillips later returned to his store, gave him \$642 cash, stated that he (Phillips) needed to get this money back into the assessor's account, and requested that Mr. Albin write a Royale Oak check payable to the assessor's office. According to Mr. Albin, he wrote this check during October 1996. The \$642 Royale Oak check was deposited into the assessor's office account on January 21, 1997.

Ms. Birch informed us that she was not aware of Mr. Phillips making reimbursements for these purchases. However, on October 7, 1996, Mr. Phillips gave her a deposit receipt for \$4,797, but provided her no explanation of its purpose. We determined that this deposit was a check from Mr. Phillips' personal bank account. This deposit occurred approximately one month after we began our investigation.

These actions indicate possible violations of the following:

- R.S. 14:67, "Theft"
- R.S. 14:68, "Unauthorized Use of a Movable"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 42:1461(A), "Obligation Not to Misappropriate"
- 18 U.S.C. 1341, "Mail Fraud"

We recommend the District Attorney for the Twenty-First Judicial District of Louisiana and the United States Attorney for the Middle District of the State of Louisiana review this information and take appropriate legal action, to include seeking restitution.

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## **ASSESSOR USES PUBLIC CREDIT CARD FOR PERSONAL USE**

**On February 20, 1994, the St. Helena Parish Assessor's Mastercard was used at Casino Magic in Bay St. Louis, Mississippi, to obtain a \$1,000 cash advance. The assessor's office has not provided a business purpose for this transaction.**

The St. Helena Parish Assessor's Office has a BankCard Services Mastercard. According to Ms. Mildred Birch, Deputy Assessor, the assessor's office has only one BankCard Services Mastercard and that card is held by Mr. Chaney L. Phillips. Charges to the account are paid with public funds of the assessor's office and mailed to BankCard Services.

Our review of records disclosed that certain credit card statements were missing from the assessor's office. We obtained copies of some of the missing records directly from BankCard Services. However, before receiving the remainder of the missing records, BankCard Services informed us that they would not be able to provide any further documentation. According to Ms. Stacy Butler, attorney for BankCard Services, Mr. Phillips instructed BankCard Services not to provide the records to the Legislative Auditor and threatened BankCard Services with litigation. Therefore, as of the date of this report, we have not been able to obtain all of these records.

The records available indicate that on February 20, 1994, the assessor's office credit card was used to obtain a \$1,000 cash advance at Casino Magic in Bay St. Louis, Mississippi, resulting in a charge of \$1,041 to the account. In the months following this charge, payments were made on the account in full settlement of this cash advance and other charges made on the account. The majority of these payments were made from the account of the assessor's office. However, we have not been able to identify the origin of payments totaling \$545. According to Ms. Mildred Birch, while most payments on the account were made with an assessor's office check, there were occasions when Mr. Phillips would provide her a personal check and explain that it was to cover his portion of the Mastercard bill. Assuming that these unidentified payments were partial repayments of the Casino Magic transaction, and that they were made by or on behalf of Mr. Phillips, then the balance of \$496 was paid with public funds.

These actions describe possible violations of the following:

- R.S. 14:67, "Theft"
- R.S. 14:68, "Unauthorized Use of a Movable"
- R.S. 14:134, "Malfeasance in Office"
- R.S. 42:1461(A), "Obligation Not to Misappropriate"

- R.S. 44:36, “Preservation of Records”
- 18 U.S.C. 1341, “Mail Fraud”
- 18 U.S.C. 1343, “Wire Fraud”

Mr. Phillips should neither use nor permit the use of public assets for personal purposes. Further, we recommend the District Attorney for the Twenty-First Judicial District and the United States Attorney for the Middle District of the State of Louisiana review this information and take appropriate legal action, to include seeking restitution.

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### **ASSESSOR PAID EMPLOYEE FOR SERVICES NOT PROVIDED**

**Mr. Chaney L. Phillips, St. Helena Parish Assessor, used public funds to pay Ms. Jean Newman for services that were not provided.**

During the period, May 1990 to June 1992, Ms. Jean Newman was paid \$20,800. In addition to the wages paid to Ms. Newman, the assessor’s office paid related benefits totaling \$9,959. These related benefits included retirement and insurance premiums.

On September 4, 1996, Mr. Phillips told us that Ms. Jean Newman was once a full-time office employee who performed filing, typing, and bookkeeping services for the assessor’s office.

Ms. Mala Schott, daughter of Emerson and Jean Newman, stated that her mother never worked for the assessor’s office. Ms. Schott also stated that Ms. Jean Newman was working at Newman & Associates Hardware Store in Greensburg during the period she was on the assessor’s payroll. Ms. Schott stated that Ms. Jean Newman was confined to her bed on and after April 19, 1992; however, payroll records from the assessor’s office indicate that Ms. Jean Newman received a salary until June 30, 1992. Employees of the assessor’s office told us that Ms. Jean Newman never worked as office staff for the assessor’s office.

During the period May 1990 to June 1992, the Louisiana Assessor’s Insurance Fund paid health claims on behalf of Ms. Newman totaling \$171,988. In addition, on September 3, 1992, Mr. Emerson Newman collected \$15,000 from the life insurance provided by the assessor’s office for Ms. Jean Newman.

These actions represent possible violations of the following laws:

- R.S. 14:67, “Theft”
- R.S. 14:134, “Malfeasance in Office”
- R.S. 14:138, “Public Payroll Fraud”

- R.S. 42:1461(A), "Obligation Not to Misappropriate"

Mr. Phillips should comply with the laws of Louisiana by not diverting funds of the assessor's office to his personal use or the use of his friends and associates. Also, we recommend the District Attorney for the Twenty-First Judicial District of Louisiana review this information and take appropriate legal action, to include seeking restitution.

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### **PUBLICLY FUNDED CELLULAR TELEPHONE USED FOR PERSONAL PURPOSES**

**Mr. Chaney L. Phillips, St. Helena Parish Assessor, used the cellular telephone paid for with public funds to make calls which appear unrelated to the business of the assessor's office. As a result, \$115 of public funds may have been spent improperly for calls made during a two-month period.**

The assessor's office cellular telephone records indicate that Mr. Phillips made numerous calls to businesses who have no apparent relationship to the assessor's office and individuals residing outside of St. Helena Parish who either do not own property in the parish or do not appear to have a business relationship with the assessor's office. We reviewed the calls made during the billing periods ending January 6 and February 6, 1996. These records indicate that at least \$45 was paid by the assessor's office for calls to businesses which had no apparent business relationship with the assessor's office. These charges were incurred for calls to business listings such as A-1 Hair Replacement, Amite Animal Clinic, Footaction USA, Ken Guy Appliance Repair, and 21 calls to Dillard's Department Store in Hammond, Louisiana. During the same billing periods, the records indicate charges amounting to \$70 were made to persons outside St. Helena Parish who were not property owners and who do not appear to have a business relationship with the assessor's office. These questionable charges totaled \$115 during the two-month period examined; on an annual basis, this questionable use of the cellular phone could cost taxpayers much more.

By using the cellular phone for other than business use, Mr. Phillips may have violated the provisions of R.S. 42:1461(A), "Obligation Not to Misappropriate."

The assessor should review his cellular telephone records and reimburse the assessor's office for that use which does not relate to the business of the assessor's office. Further, the assessor should not use public assets for personal purposes.

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**PUBLIC FUNDS USED FOR UNDOCUMENTED  
LEGAL SERVICES**

**Mr. Chaney L. Phillips, St. Helena Parish Assessor, paid Mr. Lewis Unglesby, an attorney, \$10,000 from the assessor's office account; however, the assessor's office does not have any documentation in its files to support the purpose of this payment.**

On October 8, 1996, Mr. Phillips issued a \$10,000 check to Mr. Unglesby. The check register from the assessor's office describes this disbursement as "office records." The assessor's office does not have any other documentation to support the purpose of this payment. Also on October 8, 1996, we informed Mr. Phillips that we would furnish him with copies of all assessor's office records that were in the possession of the Legislative Auditor. When asked about the \$10,000 payment, Mr. Phillips stated that he hired Mr. Unglesby to retrieve the assessor's office records that were in the possession of the Legislative Auditor. When we reminded Mr. Phillips that those records or copies were returned on October 10, 1996, he stated that maybe he could get his money back from Mr. Unglesby.

Mr. Phillips should obtain adequate support and documentation to support this disbursement. Further, Mr. Phillips should implement a policy that no disbursement of public funds under his custody be made without first obtaining adequate written support for the disbursement.





**Attachment I**  
**Management's Responses**



**UNGLESBY & KOCH**  
TRIALS AND APPEALS  
246 NAPOLEON STREET  
BATON ROUGE, LOUISIANA 70802

LEWIS O. UNGLESBY  
KARL J. KOCH  
DEBORAH H. BAER  
AIDAN C. REYNOLDS

TELEPHONE: (504) 387-0120  
FAX: (504) 336-4355

April 18, 1997

**Via hand delivery**

Daniel G. Kyle, Ph.D., CPA  
Office of the Legislative Auditor  
State of Louisiana  
1600 Riverside North  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

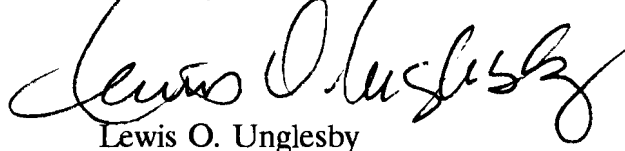
**RE: CHANEY PHILLIPS**

Dear Dr. Kyle:

Enclosed is our response to the Audit Report provided to us Friday, April 11, 1997.  
Should you have any questions, please feel free to call us.

Sincerely,

**UNGLESBY & KOCH**



Lewis O. Unglesby

LOU/rtl

Attachments

cc: Chaney Phillips - w/o attachments



**MANAGEMENT  
RESPONSE TO  
ISSUE NO. 1**

## MANAGEMENT'S RESPONSE

### ASSESSOR USED PUBLIC PAYROLL TO PAY PERSONAL OBLIGATIONS

This is absolutely false. I did hire Mr. Emerson Newman for ten months during 1995. He performed duties that I assigned him relative to an upcoming quadrennial reassessment, which is mandated by state law. I was never interviewed by the legislative auditors regarding his employment. As assessor, I am the logical choice to seek answers to questions pertaining to employees and their specific duties. Mr. Newman's duties were in the field nature, not office related. Once the work pertaining to the quadrennial reassessment was complete, I terminated Mr. Newman's employment.

As for the checks that Mr. Newman posted as credits to an account in my name, I had no knowledge of Mr. Newman's method of bookkeeping. I do know that Mr. Newman and I had an agreement wherein I sold him a horse on credit, and my account was credited for that sale. Mr. Newman and I agreed on the deal and when the colt was born, I presented him with the registration papers on the horse. Since this issue arose last week, I know what occurred. (See Affidavit.)

It should also be noted that I have notified my accountant to show the amount of material received from Mr. Newman's store as the sale price of the horse on my 1996 income tax return (see letter from accountant).

It should be further noted that the supplies purchased from Mr. Newman represent less than 4% of the total cost of my home. Many of the electrical supplies for my home came from other sources, such as West Building Supply in McComb, Mississippi.

I find it questionable that an auditor can come into an office and determine what duties an employee does or does not perform when he knows nothing of the operation of the office and what it takes to get the job done.

The St. Helena Parish Assessor's Office has always strived to provide the utmost service to the taxpayers of St. Helena Parish, and I contend that as Assessor, I am the one person who can determine the personnel needs of my office.





AFFIDAVIT

PARISH OF ST. HELENA

STATE OF LOUISIANA

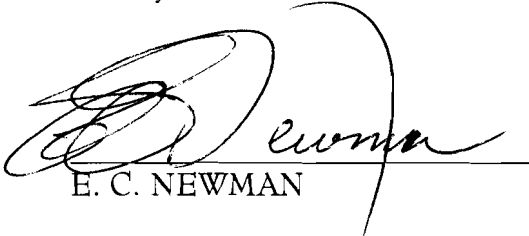
BEFORE ME, Notary, in and for the Parish of St. Helena, State of Louisiana,  
personally came and appeared:

E. C. NEWMAN

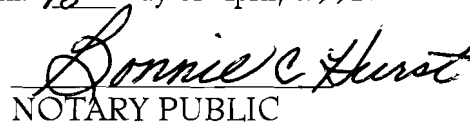
who after being duly sworn did depose and state:

During the time that Chaney Phillips was constructing his home, he agreed to sell me a horse in which I had an interest. He, like most of my customers, had a charge account at the store and some building materials were charged. The horse was sold on credit to me. I went to work assisting the reassessment roles since I have owned and operated a building material's store in St. Helena Parish for 33 years, I am well aware of building activity in the parish and the escalating value of various lots and buildings. Rather than pay Chaney Phillips directly for the horse debt, I chose to use my additional salary which I earned, and deposited it as an offset to his credit account as payment on the horse debt. The horse was my personal property. The hardware store is a corporation. I did not want the horse to belong to the corporation.

I earned the money I was paid and Chaney Phillips received no benefit. I got a horse and he received payment for the value of that horse. This was the way that I decided to handle my debt. Chaney agreed that I could pay on time and I advised that I was paying on his account. I never told Chaney Phillips how I actually handled the assessor checks.

  
E. C. NEWMAN

Sworn to and subscribed before me this 18 day of April, 1997.

  
NOTARY PUBLIC

**C. TERRY SIBLEY, JR.**

CERTIFIED PUBLIC ACCOUNTANT

POST OFFICE BOX 126  
GREENSBURG, LOUISIANA 70441

PHONE (504) 222-4403  
TOLL FREE 1-800-738-4403

C. TERRY SIBLEY, JR.  
KITTY R. NEWELL

March 20, 1997

Mr. Chaney Phillips  
P. O. Box 212  
Greensburg, La 70441

Dear Chaney:

As per your request, I have reviewed the proper tax handling of the exchange of your horse to Mr. Newman in 1996 for building materials. Since this would not qualify as a like kind exchange, you will need to include the value of the building materials received in exchange for your horse as income on the sale of the horse on your 1996 tax return.

**I hope this clears the handling of this matter up for you. If you should have any questions, please feel free to call me.**

Sincerely,



C. Terry Sibley, Jr.



**MANAGEMENT  
RESPONSE TO  
ISSUE NO. 2**



## ASSESSOR PURCHASES PERSONAL CLOTHING WITH PUBLIC FUNDS

This is a false statement. I purchased uniforms for office employees at one time from the Royale Oak. It was discussed at the time that replacement items would be necessary within a year or so. While I cannot recall the \$840 invoice, I would assume that we were billed for replacement uniform items, since that invoice is approximately 15 months after the first purchase. Since the legislative auditor removed the original records and has refused to return those records, I cannot clearly determine that nature of the charge. Insofar as the \$642 purchase is concerned, I contacted Mr. David Albin of the Royale Oak and asked about a uniform order. I wanted to outfit a couple of the women who sat in the front office and greeted the public. Mr. Albin stated that any order was non-refundable and he would require prepayment of the items. I made the order with the assistance of Mr. Albin and Mr. Albin was paid by his invoice. Some time later Mr. Albin informed me that he was having difficulty getting the uniforms in a timely manner and asked what I wanted him to do. I asked that he refund the money. He did not do so right away and I did not think about it until I went in one day to pay for some personal purchases. At that time we discussed the refund again, and a few days later he mailed a check along with a letter explaining the refund. I have attached a copy of the letter, but I am sure the legislative auditor has the original letter.

I made several purchases a year from the Royale Oak for myself, all of which I personally paid for in cash, as Mr. Albin gave me a 20% discount for paying cash.

At no time did I ask Mr. Albin to write an invoice to reflect uniform purchases. Any uniform purchases made by my office were legitimate.

# ROYALE OAK

DEBBIE ALBIN



BOOKKEEPER  
1905 W THOMAS ST.  
SUITE L  
HAMMOND, LA 70403

---

Telephone 345-9542

Dear Chaney,

Thank you for the opportunity to allow us to serve your clothing needs. Per our conversation the other day, I regret we can not get the ladies uniforms in the time frame we thought. (Due to sizing). Enclosed you'll find a refund check on the prepaid merchandise we were unable to get. Thanks again and we hope that you continue to do business with us in the future.

David Albin



**MANAGEMENT  
RESPONSE TO  
ISSUE NO. 3**



ASSESSOR USES PUBLIC CREDIT CARD FOR PERSONAL USE

The use of the assessor's office Mastercard to obtain a cash advance at the Casino Magic did inadvertently occur. I had in my wallet, side by side, two nearly identical credit cards, with the same coloring and markings. Both have my name on them, but one is a personal card and the other belongs to the assessor's office.

The legislative auditor did not see that there were actually two charges to the card for \$1000 each, but the second transaction was cancelled as soon as I discovered that it was charged to the wrong card. I then checked and found that the first transaction was also to the wrong card. I asked casino personnel at that time if they could transfer the advance to another card, but I was told that the transaction had already gone through and could not be retrieved. I then proceeded to pay the card charges.

The following cancelled checks from my personal account show that I paid on the inadvertent charge.

Before this audit I had also reimbursed \$486, the balance which I thought went to this account. However, upon checking carefully I found out that the \$486, while almost for the same balance and also on a Mastercard, was actually paid on my wife's account.

I believed the entire amount had been reimbursed. It had not due to my mix up with the two cards. As is seen in the further attachment, I have now corrected that mistake and the account is now properly balanced out.

<u>Check Number</u>	<u>Date</u>	<u>Amount</u>	<u>Payable To</u>
2408	03/07/94	\$33.00	Bank Card Services
2438	05/03/94	\$100.00	Bank Card Services
2484	05/31/94	\$125.00	Bank Card Services

2508	06/07/94	\$125.00	Bank Card Services
2568	08/16/94	\$26.00	Bank Card Services
2587	09/06/94	\$100.00	Bank Card Services
2612	09/19/94	\$23.00	Bank Card Services
2659	11/05/94	\$23.00	Bank Card Services

**TOTAL - \$555.00**

The auditor approved my audit in 1994 when the transaction occurred. It was an error and has not been repeated.

It should be noted that the legislative auditor's office at no time made a formal request to me for records. As a matter of fact, I was bypassed at every opportunity. I found out through office personnel that the auditors were seeking certain records. I felt that they had every record that we had, since they had removed our original record from the office without authorization on September 4, 1996.

I discovered that the auditor had obtained certain credit card records without proper authorization when my office received a statement from Bankcard Services with a charge for retrieval request fee of \$25. When I called Bankcard Services to inquire about the charge, I was informed that the records had been sent to the office of the legislative auditor in care of Mr. Allen Brown and had been authorized by Mr. Hattier, who stated that he was with the assessor's office. Mr. Hattier was with the legislative auditors office and did not work for me, but he did use our office credit card to make an unauthorized charge to the account (see affidavit).

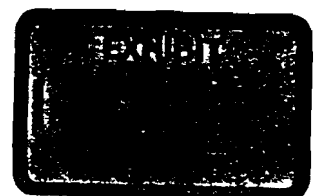
STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, personally came and appeared VERDIA FREEMAN who after being duly sworn stated as follows:

That she is an employee of Hancock Bank working in customer service in the credit card department. That on September 26, 1996 she received a telephone call from a man who identified himself as Maurice Hatten of the St. Helena Parish Assessor's Office. That Mr. Hatten provided her with the account number for the St. Helena Parish Assessor's Office Mastercard account and advised that he needed copies of the account statements. He asked who would be billed for the copies and he was informed that the charge would be billed directly to the customer. He initially asked that the copies of the statements be mailed to him at the St. Helena Parish Assessor's Office. He then called back and asked that the statements be mailed directly to Mr. Alan Brown of the Legislative Auditor's Office. That she processed the request for the billing statements on the Mastercard account.

That on January 10, 1997, the customer service area received a telephone call from a Mr. Ernie Levy who identified himself as an investigator with the Legislative Auditor's Office requesting he be sent billing statements with regard to the St. Helena Parish Assessor's Office Mastercard account. That she denied the request because it is bank policy that the information only be released to



the customer. Subsequently, she turned the request over to her supervisor, Margarite Montagnino.

Verdia Freeman  
VERDIA FREEMAN

SWORN TO AND SUBSCRIBED BEFORE ME, this 3<sup>rd</sup> day of March, 1997.

Jay G. [Signature]  
NOTARY PUBLIC

Filing statement since [unclear] was advised that the [unclear]

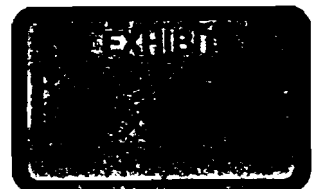
STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, personally came and appeared Margarite Montagnino who after being duly sworn stated as follows:

That she the Manager of Bank Card Services for Hancock Bank. That on January 10, 1997 she spoke with Mr. Ernie Levy of the Legislative Auditor's Office regarding a request for billing statement of the St. Helena Parish Assessor's Office. That she informed Mr. Levy that the bank was not going to provide the information without permission of Mr. Chaney Phillips or an authorized representative of the St. Helena Parish Assessor's Office.

That no notification was given to Mr. Chaney Phillips with regard to the initial request made on September 26, 1996, for billing statements since Hancock Bank was advised that the initial request for those statements was coming from the St. Helena Parish Assessor's Office. When the second request for statements was made on January 10, 1997, by Mr. Ernie Levy of the Legislative Auditor's Office, Hancock Bank contacted Mrs. Mildred Birch, an authorized user of the Mastercard account, of the St. Helena Parish Assessor's Office, requesting authorization to send the statements to the Legislative Auditor's Office. Hancock Bank was informed that it would need to speak directly to Mr. Chaney Phillips. Hancock Bank did speak with Mr. Chaney Phillips on January 11, 1997, who did not authorize the sending of the statements to Mr. Levy of the



Legislative Auditor's Office. Therefore, the statements were never sent to the Legislative Auditor's Office.

Margarite Montagnino  
Margarite Montagnino

SWORN TO AND SUBSCRIBE BEFORE ME, this 3<sup>rd</sup> day of March, 1997

[Signature]  
NOTARY PUBLIC



**MANAGEMENT  
RESPONSE TO  
ISSUE NO. 4**



## ASSESSOR PAID EMPLOYEES FOR SERVICES NOT PROVIDED

This is absolutely not true. Furthermore, I never told the legislative auditors anything about specific duties that any employee performed.

The only thing that the auditors specifically asked when they first came to my office in September, 1996 pertained to what knowledge that I had about any involvement by Judge Burrell Carter and his son, Rep. Bobby Carter, in vote buying and voter registration fraud in the 1996 Town of Greensburg elections. I remember thinking that it was strange that auditors would be interested in voter fraud involving a judge and a state representative. I always thought that the auditors office checked on numbers and not people. I know nothing about this issue.

As to the employment of Mrs. Jean Newman, she was paid the amount stated between May, 1990 and June, 1992. However, the benefits totalling \$9,959.00 for insurance and retirement were not paid by the assessor's office in addition to wages. These benefits were deducted from Mrs. Newman's salary (see attachments).

Mala Schott would not know about her mother's employment. I never discussed this with Mrs. Schott. I made it clear to Mrs. Newman when I hired her that there would be many things that she would have occasion to know about taxpayer's property, and that was not to be discussed with anyone other than myself for the purpose of doing our job.

I do not know the exact date that Mrs. Newman became gravely ill but certainly agree that I paid her as I would any employee.

My job as assessor is to see that the overall mission is accomplished. I am not required to explain one employee's job duties with another. As long as I know what each

one is doing, individual employees need not be aware of or concerned about another employee's responsibilities.

Insofar as any insurance claims paid as a result of Mrs. Newman's illness, those were legitimate claims paid on a legitimate employee. The claims were reviewed by competent claims representatives and paid without questions.

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF ST. HELENA

BEFORE ME, the undersigned authority personally came and appeared who after being duly sworn did depose and state:

1.) That I am Suzanne Travis, the daughter of Mrs. Jean Newman and my father, E. C. Newman.

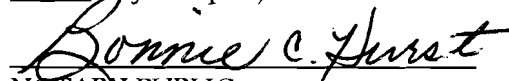
2.) That throughout the time my mother was employed at the St. Helena Parish Assessor's office, I was the child who visited my mother the most. I lived in the same area and took my mother to the doctor, shopped with her, and visited in her home most weekends.

3.) That I have read the Affidavit of my father, E. C. Newman, was aware of everything in the Affidavit during the time in question, and agree that it is accurate in relation to the portion dealing with my mother's employment.

4.) My sister, Mala Schott, was not in a position to have any knowledge of my mother's employment. Mala only visited my mother approximately six times per year. There are reasons for my sister's statements, which relate to interfamily disputes and can be proven and documented, if necessary.

  
SUZANNE TRAVIS

Sworn to and subscribed before this 18 day of April, 1997.

  
NOTARY PUBLIC

AFFIDAVIT

PARISH OF ST. HELENA

STATE OF LOUISIANA

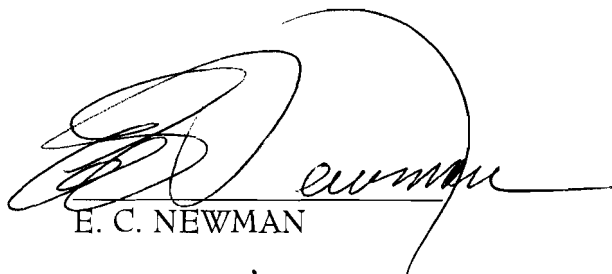
BEFORE ME, Notary, in and for the Parish of St. Helena, State of Louisiana,  
personally came and appeared:

E. C. NEWMAN

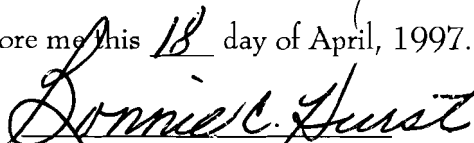
who after being duly sworn did depose and state:

Jean Newman was hired by the assessor because she knew about most of the new construction or remodeling that took place in St. Helena. There are no building permits in St. Helena Parish and no permits for construction or remodeling were required during her employment. Because she worked at our building supply store which is the only one in St. Helena Parish, she knew when improvements or new buildings were contemplated. This assisted the assessor in reassessments.

I requested this be done without knowledge of the regular employees. I wanted my wife's activities kept confidential, because I was concerned we might lose sales if this was public.

  
E. C. NEWMAN

Sworn to and subscribed before me this 18 day of April, 1997.

  
NOTARY PUBLIC

**ST. HELENA PARISH**  
**ASSESSOR'S SALARY FUND**  
 GREENSBURG, LOUISIANA 70441

5212

July 31, 19 90

84-138  
652

PAY TO THE ORDER OF Jean F. Newman \$ 403.06

Four hundred three and 06/100 DOLLARS

**Bank of Greensburg**  
 Greensburg-Monpelier  
 P.O. Box 10  
 Greensburg, Louisiana 70441

*[Handwritten Signature]*  
 NOT NEGOTIABLE

⑈005212⑈ ⑆06520⑆38⑆⑆ 00 1024 3⑈

ST. HELENA PARISH  
 ASSESSOR'S SALARY FUND

DELUXE FORM DV-2 V-3

DATE	INVOICE NO.	DESCRIPTION	AMOUNT	DEDUCTIONS		NET AMOUNT
				PARTICULARS	AMOUNT	
		July Salary	\$800.00	Fed. W/H	\$29.00	\$403.06
				Retirement	56.00	
				Insurance	305.36	
				State W/H	6.58	





**MANAGEMENT  
RESPONSE TO  
ISSUE NO. 5**



## PUBLICLY FUNDED CELLULAR TELEPHONE USED FOR PERSONAL PURPOSES

The calls which the auditors say were made to businesses which had no apparent business relationship with the assessor's office can be addressed as follows:

1) I have never heard of and, to my knowledge, have never called a business called A-1 Hair Replacement. I cannot find a listing for any such business in any area phone book.

2) Amite Animal Clinic is owned by Dr. Thomas Hulsey, as resident and property owner in Ward 5 of St. Helena Parish.

3) Footaction USA is a place where one of my sons once worked. If he called and left a message, I am sure that I called him back, just as I would anyone else who may call.

4) Ken Guy Appliance Repair belongs to Ken Guy, a St. Helena resident, who also is the person who installed central heat and air conditioning in the assessor's office.

5) Calls to Dillard's Department Store in Hammond were to speak to my fiancée'. Often times she would receive messages from me at home after I left and leave word for me to call her to get my messages. Furthermore, when she calls and asks that I return her call, I do, just as I endeavor to return each and every constituent call placed to me, because that is part of my job. However, if I have improperly used the cell phone for personal calls it was through inadvertence. I think this is a minor matter and my computations disagree with the auditors. In any event, corrective steps for closer evaluation of calls have been implemented since this had been brought to my attention.

Now that I have shown that the auditors may have been in error in their findings regarding cellular phone use on the above \$45 in charges, I contend that the \$70 in charges were probably calls returned to those who had first called me.

I would say that probably over 75% of the calls that I make are to return calls made to me. My office staff can attest to the fact that I receive upward of 50 calls a day, and my constituents will confirm that I return all of their calls. It is impossible to determine from looking at a number if the call is office related. Many of the calls that I return to constituents are to their place of employment, but it is a legitimate call.

Furthermore, many of the calls made from my home phone are office related, but I pay for some of them myself. I never try to sort those calls from my bill in order to seek reimbursement. I just pay the bill and consider it a cost of serving in public office.

It should be noted that the legislative auditor has never provided this office with any format or specific instructions regarding the use of cellular phones and no mention of cellular phone calls have been made in their previous audits.

Based on the oral suggestions of the auditor, we have now implemented a new procedure. Additionally, I have calculated a reimbursement assuming the auditor's numbers and made that to the office. I believe that my use of this phone has been proper.

Explanation of Reimbursement

I have attempted to reimburse an amount which would more than cover any possible unreimbursed monies. I did this without the benefit of my complete records since many of these were in the possession of the Legislative Auditor. Using the figures in the audit report and accepting them without argument, although one could be made, I have calculated the reimbursement as:

Cellular phone charges (\$115 for two months x 3 years)	\$2,070.00
Balance the report claims owed for clothes	840.00
Balance owed Mastercard for Casino Magic charge (see Response to Issue No. 3)	486.00
Gasoline possibly used for personal travel	400.00
<b>TOTAL</b>	<b>\$3,796.00</b>

Based on these figures, I have overpaid the sum of \$1,000. However, this could be applied to any missed reimbursements which might be owed or returned to me after the final conclusion of the audit.

Because of the lack of any published rule on how to differentiate phone charges between personal and business, nor gasoline, I have estimated on the side of caution. I did not, at any time, believe that these charges were improper but recognize that normal business practices and errors may conflict with strict accounting audit procedures.





**MANAGEMENT  
RESPONSE TO  
ISSUE NO. 6**





**UNGLESBY & KOCH**  
TRIALS AND APPEALS  
246 NAPOLEON STREET  
BATON ROUGE, LOUISIANA 70802

LEWIS O. UNGLESBY  
KARL J. KOCH  
DEBORAH H. BAER  
AIDAN C. REYNOLDS

TELEPHONE: (504) 387-0120  
FAX: (504) 336-4355

A lawyer's work is confidential between the attorney and the client. Only at such time as the work is completed, can the details be provided, otherwise the confidentiality collides with the public records law. At such time, an appropriate justification will be provided.



**Attachment II**  
**Additional Information**



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# Additional Information

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## **Assessor Paid Individual \$8,000; No Documentation Was Provided to Indicate Work Was Performed**

Mr. Phillips stated, in his response, that he was never interviewed by the investigative auditors regarding Mr. Newman's employment. However, during our first meeting with Mr. Phillips on September 4, 1996, wherein two investigative auditors were present, we inquired about the names and duties of employees who worked in the assessor's office during the past five years. Mr. Phillips did not mention Mr. Newman as an employee of the assessor's office.

According to Mr. Phillips' response, he sold a horse on credit to Mr. Newman. On April 2, 1997, Mr. Newman agreed that he purchased the horse and told us that he owned the horse outright. However, these statements are not consistent with additional information provided to us as follows:

- Mr. Phillips stated, in his response, that when the colt was born, he presented Mr. Newman with the registration papers on the horse. The horse, "Johnny's Last Load," was born on April 20, 1995, and was registered with the American Quarter Horse Association (AQHA) listing Mr. Phillips as owner. This was done on November 6, 1995, nearly seven months after the birth of the horse. In addition, according to the AQHA, an application for a DNA kit for this horse was submitted by Mr. Phillips in late 1995 and all transactions with the AQHA were paid for by Mr. Phillips.
- Mr. Newman provided an undated AQHA transfer report indicating that ownership of the horse was transferred from Mr. Phillips to Mr. Newman. However, according to AQHA records, no such report was actually submitted and the registered owner of "Johnny's Last Load" is Mr. Phillips.
- Mr. Newman provided a registration certificate issued by the Louisiana Quarter Horse Breeders Association (Association). Mr. Laverne Perry of the Association said that the application for registration was submitted by Mr. Chaney Phillips on June 23, 1995, along with his check for \$20.
- On April 2, 1997, Mr. Newman informed us that he paid Mr. Phillips \$4,000 for the horse. However, if as Mr. Newman contends, the credits to Mr. Phillips' account at Newman and Associates were payments on the horse, Mr. Newman actually paid \$4,758.

- When we asked to see the horse, Mr. Newman said that the horse died when it was approximately one and one-half years old. AQHA records do not show the horse as deceased.
- In his response, Mr. Phillips stated that he instructed his accountant, Mr. Terry Sibley, CPA, to report the amount of material received from Mr. Newman's store as the sale price of the horse on his 1996 income tax return. However, the building materials were purchased during 1994 and 1995, and the horse was born in 1995. If the transaction occurred as Mr. Phillips maintains, the sale should have been reported on his tax returns in 1994 and 1995. We discussed this matter with Mr. Sibley. He stated that he was not provided any documentation and he did not verify that an exchange or trade for building materials occurred or even that a horse existed. He was only providing advice on how such a trade, if it occurred, should be handled.
- If the payments posted to Mr. Phillips' account were for the purchase of this horse, Mr. Newman began paying for the horse before its birth. An examination of the Newman and Associates ledger discloses that Mr. Newman's first payroll check was posted as a credit to this account on March 17, 1995. The horse was born on April 20, 1995, more than one month later.
- We noted that the last check paid by Mr. Phillips to Mr. Newman was dated November 30, 1995. The investigative auditors' first contact with Mr. Newman was during the last week of November 1995 on an unrelated matter.

#### **Assessor Purchases Personal Clothing With Public Funds**

Mr. Phillips stated, in his response, that the investigative auditors removed the original records from the assessor's office and have refused to return those records. Therefore, he could not clearly determine the nature of the payment to Royale Oak. Certain records were properly checked out and an itemized receipt provided to the assessor's office on September 5, 1996. Originals and/or copies of all records were returned to the assessor's office on October 10, 1996, as requested by Mr. Phillips.

Mr. Phillips maintains that his office only received uniforms and that he did not receive any personal clothing. However, written statements provided by all three full-time office employees of the assessor's office confirm that uniforms were not received during 1995 or 1996.

Mr. Phillips also supplied us with a letter that he said accompanied the \$642 refund check from Royale Oak. We discussed this letter with Mr. David Albin, owner of Royale Oak. He stated that the letter was written at Mr. Phillips' request and is incorrect. Further, he again stated that the \$642 invoice was not for uniforms, but was for Mr. Phillips' personal suits.

### **Assessor Uses Public Credit Card for Personal Use**

In his response, Mr. Phillips stated that his February 20, 1994, use of the assessor's office credit card was unintentional. He further stated that, as soon as he discovered the error, he attempted to correct it. However, more than two years later, he had not reimbursed the funds.

Mr. Phillips stated, in his response, that the Legislative Auditor's Office, at no time, made a formal request for the records. This is untrue. During our first visit to Mr. Phillips' office, we noted that the bottom of at least one BankCard statement, which would include the detailed charges incurred, had been cut off and removed. In addition, we noted that the detailed statements for the office and cellular telephone bills were also not present in the assessor's office files. We informed Mr. Phillips that we would need these detailed statements and he agreed to obtain such for our use. However, Mr. Phillips did not obtain these records and repeatedly failed to return our phone calls.

According to Mr. Phillips' response, the investigative auditor removed certain records without proper authorization. Again, this is untrue. All records removed by the investigative auditor were properly checked out from the assessor's office as evidenced by our Evidence Control Form dated September 5, 1995, and signed by Ms. Rebecca Foster, an employee of the assessor's office.

Mr. Phillips also stated, in his response, that the Legislative Auditor's Office obtained certain records from BankCard Services without authorization, that an investigative auditor represented himself as an employee of the assessor's office, and that this investigative auditor made a charge to the assessor's office credit card without authorization. These statements are false as explained below:

- The assessor's office is a public entity under the audit authority of the Legislative Auditor. Therefore, as provided by R.S. 24:513 and the public records law, the Legislative Auditor has authority to examine these records.
- Mr. Maurice Hattier, former employee of the Legislative Auditor, did not identify himself as an employee of the assessor's office as evidenced by the fact that BankCard Services mailed the records to Mr. Hattier at the Office of Legislative Auditor, not to Mr. Allen Brown as stated in Mr. Phillips' response.
- Mr. Hattier did not instruct BankCard Services to charge the cost of the records to the assessor's office account. On the contrary, Mr. Hattier obtained permission from his supervisor to have the Legislative Auditor's Office pay

these charges which were approximated at \$10 to \$30. This appears to be a bank error.

- On November 19, 1996, Ms. Margarite Montagnino of BankCard Services called Mr. Allen Brown, Director of Investigative Audit, and informed him that BankCard Services mailed assessor's office records to the Legislative Auditor, but failed to obtain a written request. Ms. Montagnino explained that she needed a written request for her files. Therefore, Ms. Montagnino and BankCard Services knew that Mr. Hattier was a representative of the Legislative Auditor.
- When obtaining the cash advance, the casino prepared a check in the name of the cardholder, Mr. Chaney Phillips, St. Helena Assessor. In an apparent effort to verify Mr. Phillips' authority to use the card, the card's billing address, which is the assessor's office address, was then written on the check. This information would not have been known by the clerk at the casino, and, therefore, had to be provided by Mr. Phillips. It is reasonable to assume that, by providing the assessor's office address rather than his personal address, Mr. Phillips should have been aware that he was using the assessor's office credit card.

#### **Assessor Paid Employee for Services Not Provided**

According to Mr. Phillips' response, he never told the investigative auditors anything about the specific duties that any employee performed. However, during our initial meeting with Mr. Phillips on September 4, 1996, wherein two representatives of the Legislative Auditor were present, Mr. Phillips did provide a very specific explanation of the duties performed by Ms. Jean Newman. During this initial meeting, Mr. Phillips stated that Ms. Newman worked in the office performing typing and filing services and recording information provided by taxpayers on ledger sheets.

According to Mr. Phillips, the only subject discussed during our initial visit to the assessor's office pertained to voter fraud. It should be noted that in July 1996, Mr. Phillips called Mr. Allen Brown, Director of Investigative Audit, and requested a meeting. Mr. Phillips did not want to meet at the Legislative Auditor's Office, which is located in the same building as the First Circuit Court of Appeals. Mr. Brown, and another representative of the Legislative Auditor, met with Mr. Phillips on July 18, 1996, at 1:30 p.m. at the Ramada Inn on Nicholson Drive in Baton Rouge. During this meeting, Mr. Phillips made allegations of voting irregularities involving Judge Burrell Carter (First Circuit Court of Appeals) and Louisiana State Representative Robert J. Carter. Mr. Brown informed Mr. Phillips that this matter was outside the scope of the Legislative Auditor, and he should contact the Department of Elections. During our first visit to the assessor's office, Mr. Phillips again discussed this subject, apparently believing it to be the purpose of our visit.



Mr. Phillips has responded that the amount paid for Ms. Newman's insurance and benefits by the assessor's office was not \$9,959. Based on the information currently provided to this office, the amount paid on behalf of Ms. Newman was actually \$5,870. This amount was not deducted from Ms. Newman's salary.

**Publicly Funded Cellular Telephone Used  
for Personal Purposes**

Mr. Phillips responded that he has never heard of nor ever called a business called A-1 Hair Replacement and that he cannot find any such listing in any area phone book. We were able to locate the listing in the Baton Rouge telephone directory. There are two listings for the number called. Mr. Phillips may have called the second listing, American Hairlines.

Mr. Phillips further stated that corrective steps for closer evaluation of calls have been implemented. We support these efforts.

**Public Funds Used for Undocumented  
Legal Services**

On February 26, 1997, Mr. Unglesby stated that he represents the St. Helena Parish Assessor's Office as well as Mr. Phillips personally. Since the \$10,000 was paid with public funds, the public is entitled to an explanation as to the use of their tax dollars.

**\$4,797 Reimbursed to Assessor's General Fund  
by Mr. Phillips**

As noted in our finding on page 2, Mr. Phillips made a deposit of \$4,797 on October 7, 1996, approximately one month after we began our investigation. Since the auditor had not advised Mr. Phillips of its findings until March 14, 1997, and this deposit was made on October 7, 1996, the question arises as to what prompted Mr. Phillips to make this deposit at such an early date.



**Attachment III**  
**Legal Provisions**



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# Legal Provisions

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The following legal citations are referred to in the Findings and Recommendations section of this report:

**R.S. 14:67** provides that theft is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

**R.S. 14:68** provides that unauthorized use of a movable is the intentional taking or use of a movable which belongs to another, either without the other's consent, or by means of fraudulent conduct, practices, or representations, but without any intention to deprive the other of the movable permanently.

**R.S. 14:134** provides, in part, that malfeasance in office is committed when any public officer or public employee shall: (1) intentionally refuse or fail to perform any duty lawfully required of him, as such officer or employee; (2) intentionally perform any such duty in an unlawful manner; or (3) knowingly permit any other public officer or public employee, under his authority, to intentionally refuse or fail to perform any duty lawfully required of him or to perform any such duty in an unlawful manner.

**R.S. 14:138** provides, in part, that payroll fraud is committed when any public officer or public employee shall carry, cause to be carried, or permit to be carried, directly or indirectly, upon the employment list or payroll of his office, the name of any person as employee, or shall pay any employee, with knowledge that such employee is receiving payment or compensation for services not actually rendered by said employee or for services grossly inadequate for such payment or compensation.

**R.S. 42:1461(A)** provides that officials, whether elected or appointed, by the act of accepting such office assume a personal obligation not to misappropriate, misapply, convert, misuse or otherwise wrongfully take any funds, property or other thing of value belonging to the public entity in which they hold office.

**R.S. 44:36** provides that all persons and public bodies having custody or control of any public record shall exercise diligence and care in preserving the public record for a period of time specified for such public records. All existing records or records accumulated by the various services of the state or its subdivisions may be destroyed after three years from the date on which the records were made.

**Article VII, Section 14 of the Louisiana Constitution** provides that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

**18 U.S.C. §1341** provides, in part, that mail fraud is having devised or intended to devise any scheme to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises for the purpose of executing such scheme or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, or takes or received therefrom, any such matter or thing, or knowingly causes to be delivered by mail according to the direction thereon.

**18 U.S.C. §1343**, wire fraud, provides, in part, that whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communications in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined not more than \$1,000 or imprisoned not more than five years, or both.