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Banking and Financial Solutions

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Auditor findings on drug seizure money

Board of Alderman:

Michael Adams
Frank Boyd
Margie Warren
James Ray Harrell
Edward Jones

Former Alderman at Large:

Jerry Norwood

Former Mayor:

Knox Ross Jr.

Former City Clerk:

Bettye Massey



To whom this may concern,

According to recent articles in "Y'all Politics.com" and the Pelahatchie News, as well as a press release by Mayor Beechem, the State Auditor has received and placed the sum of \$543,038 "back in the drug fund account" of the Town of Pelahatchie, Mississippi. Respectfully, these articles and the press release erroneously assert that the sum of money now placed "back into the Town's drug account was somehow improperly spent by the Town's elected officials to begin with, or was otherwise improperly removed from the financial coffers of the Town at some point. The truth is that the Town never lost a penny of the funds that are somehow now being "replaced," and all funds which the Auditor and the Mayor claim were in some way "misspent" were all spent by Town officials for the proper purposes intended. The Town of Pelahatchie never lost a penny of the funds that the Auditor says were misspent and none of the Town officials being sued ever received any public funds from any source except for their salaries.

As a result of this "repayment" to the Town of \$543,038, the citizens of Pelahatchie should be asking the following question: Why should the Auditor be "repaying" \$543,038 to the Town of Pelahatchie when the Town never lost the money to begin with? The answer to this logical question is simple in some ways and complicated in others. The State Auditor originally sued the Town officials and their Bondsmen, claiming that they "misallocated" certain drug funds received by the Town, and for not earmarking the funds for certain law enforcement purposes in a separate account. However, the record is clear that all such drug funds now in controversy went to pay for proper law enforcement activities and equipment and not one penny was lost or misappropriated. Regardless, the Auditor continues to pursue his claim and has taken the further unusual step of trying to deny the Town officials the right to have their attorneys' fees paid by Town funds, as they try to defend themselves in this very expensive litigation.

As the court filings in this litigation have continued, multiple delays have occurred, the expenses of the litigation have mounted, and no trial or Court rulings have occurred to date on whether the Town officials are guilty of any wrongdoing. Likewise, there have been no Court rulings as to whether the Town officials can receive the funds from the Town coffers necessary to pay their legal fees to defend themselves in this very expensive and misguided litigation. So even though there has been no ruling in the lawsuits brought by the Auditor against the Town officials, the Auditor and current Mayor of Pelahatchie can issue public statements that the Town has been repaid in full for the so-called "misappropriated funds" in the sum of \$543,038. How can this be?

The answer to this logical question is that in addition to bringing suit against the former Mayor and Aldermen, the Auditor also sued the "Bondsmen" (large insurance companies such as Travelers) of the Town officials. The Bondsmen have apparently now "settled the lawsuit" with the Auditor and made economic decisions to avoid lengthy litigation, by paying into the State Auditor's office the sum of \$543,038. Thus, the Auditor will now apparently leave it to the Bondsmen to sue the Town officials for reimbursement of the settlement money they paid to the Auditor.

In summary, the Town officials now being sued and the citizens of Pelahatchie are faced with a bizarre situation. In reality, the Town is being paid twice for drug funds it never lost to begin with and were spent, dollar for dollar, for the law enforcement activities of the Town for which they were intended. Meanwhile, the Town officials who did nothing wrong must continue to defend themselves for simply doing their jobs and must continue to find ways to pay for their lawyers to defend them in this misguided litigation.

The beleaguered Town officials, who face the prospect of financial ruin and permanent damage to their reputations because of misguided lawsuits by the Auditor and their insurance company Bondsmen, now ask questions of their own:

1. Is not this whole situation a classic example of how the boot of government is often improperly placed upon the necks of innocent citizens, who received no financial gain whatsoever in this whole sordid affair, other than the normal salaries they received for doing their jobs?
2. How can the State Auditor object to allowing public funds to be used to pay the lawyer fees of Town officials who were just doing their jobs?

This case cries out for justice. Remember, the same thing can happen to you if you decide to enter public service for the benefit of your community; and are called upon to make good faith decisions that you feel are in the best interest of the citizens you represent.

Thank you.