



*State of Louisiana*

**OFFICE OF**

**STATE INSPECTOR GENERAL**

**ST. BERNARD COMMUNITY DEVELOPMENT  
CORPORATION**

**Report by**

**Inspector General Bill Lynch**

**Prepared for**

**Governor M.J. "Mike" Foster, Jr.**

**JUNE 18, 1998**

**File No. 1-98-0040**



*State of Louisiana*

**OFFICE OF  
STATE INSPECTOR GENERAL**

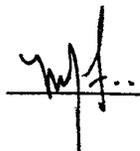
**St. Bernard Community Development  
Corporation**

**April 1, 1998**

**Report by**

 **Inspector General Bill Lynch**

**Approved by**

 **Governor M.J. "Mike" Foster, Jr.**

**File No. 1-98-0040**

# St. Bernard Community Development Corporation

Tyronne Edwards, former executive director of the St. Bernard Community Development Corporation, allegedly removed from the agency, equipment and records pertaining to a \$66,000 grant from the Governor's Office of Urban Affairs and Development. Mr. Edwards, who was terminated July 23, 1996, failed to return the records and equipment when requested to do so by the Legislative Auditor and the agency.

A signature on five checks, totaling \$2,631, drawn on the Corporation's bank account for the grant was forged, according to one of the two required signatories.

The Corporation has failed to obtain an audit of its records and accounts for fiscal year 1995-96 as required by a cooperative endeavor it entered into with the Governor's Office of Urban Affairs and Development.

Neither the Corporation nor Urban Affairs have taken adequate actions to recover the records or equipment.

## Background

---

This investigation began after receiving a complaint that a former employee of the Corporation was not paid for work performed. She was told she was being paid from the grant from Urban Affairs and the funds had run out.

The St. Bernard Community Development Corporation is a non-profit organization located in Violet. The Corporation, which was formed in 1985, is a social service agency serving the disadvantaged of St. Bernard Parish. The current board members are Leola Enclarde, Roland Simmon, Reverend Raymond Smith, James Tuckee, Georgette Smiles and Marcell Weathers. The board members at the time Mr. Edwards was employed there were Reverend Smith, Johnnie Wagner, Audrey Butler, Daniel Douglas and Joseph Richard.

The Corporation, through a cooperative endeavor agreement, received a \$66,000 grant from Urban Affairs in fiscal year 1995-96 for a drug abatement program. According to Urban Affairs, it did not require the Corporation to provide reports regarding how the funds were spent. Urban Affairs also advised that it did not monitor the program.

According to the cooperative endeavor, upon completion of the agreement, all records, reports, worksheets, funds or any other material related to the contract becomes the property of the State.

The Office of Urban Affairs and Development, which is under the Governor's Office, has a mission to provide resources to help inner-city dwellers enhance and improve their quality of life. The resources are supposed to be awarded to non-profit organizations which address the special health, safety and socio-economic concerns of Louisiana's disadvantaged residents living in urban areas.

The Corporation is not currently receiving funds from Urban Affairs but is receiving a grant from Department of Social Services for \$127,000, which was issued after Mr. Edwards was terminated.

## Missing Equipment and Records

---

By way of a letter dated July 24, 1996, the Board of Directors of the Corporation advised Mr. Edwards he was terminated effective July 23, 1996. The letter was signed by four out of the five board members. The board member who did not sign the letter was not available at the time. The letter also instructed him to turn over all Corporation documents no later than 10 days after receipt of the letter. The letter stated that this includes all resolutions, proposals, checkbooks, canceled checks, contracts, articles of incorporation, seal, 501 (c)(3) letters, and correspondence with Urban Affairs. The letter also instructed him to turn over a television to be raffled, a camcorder, TV/VCR, computer, copier, pagers, telephone and any other equipment owned by the Corporation that he was keeping at his residence.

Reverend Smith, the president of the Corporation's board, said Mr. Edwards never responded to the letter.

Reverend Smith, Deola Richardson and Reverend Ernest Dyson, executive director of the Corporation, met with Grover Austin of the Legislative Auditor's Office regarding the situation. The Legislative Auditor subsequently sent several letters to Mr. Edwards' last known address requesting return of the records and equipment. Mr. Austin said Mr. Edwards never responded.

No further action, including reporting the missing records and property to law enforcement, was taken by the Corporation.

## Forged Checks

---

The only records the Corporation has regarding the Urban Affairs grant are canceled checks for the period November, 1995 through March, 1996 and a few that cleared the bank after Mr. Edwards was fired in July, 1996. Checks drawn on these funds required the signature of both Mr. Edwards and Reverend Smith.

Reverend Smith provided this office with copies of five checks totaling \$2,631 on which Reverend Smith said his signature is forged. Three of the checks, totaling \$456, were payable to Mr. Edwards. The checks include notations showing their purpose to be food and transportation associated with training, a hotel for leadership training, and one simply denoted it was a reimbursement.

A \$175 check was made payable to a William Taylor, whose identity is unknown. The check denoted that it was a "deposit on contract lease improvements." A \$2,000 check was made payable to a Ben Robinson, whose identity is also unknown. The check denotes it was a "down payment for consultant services." The Corporation has no records to support these disbursements.

No action was taken by the Corporation to report the forged checks to law enforcement.

## Lack of an Audit

---

Section 8 of the cooperative endeavor requires the Corporation to obtain an audit of its records and accounts by an independent certified public accountant. State law provides that the Legislative Auditor must approve the accountant selected.

In a letter dated July 9, 1996, the Legislative Auditor disapproved Mr. Edwards' recommended accountant and directed Mr. Edwards to seek the services of another independent certified public accountant. There is nothing on record showing another auditor was recommended by Mr. Edwards. The audit was to be completed and submitted to the Legislative Auditor by Dec. 31, 1996. The audit was never done.

## Insufficient Action Taken By Urban Affairs

---

In a letter dated April 17, 1997, to Kevin Cunningham, Assistant Chief of Staff for the Governor's Office, Legislative Auditor Dan Kyle requested that his office begin proceedings to recoup the grant funds from Mr. Edwards. The letter also recommended that Mr. Cunningham consider seeking the assistance of the St. Bernard Parish District Attorney to recover the funds. The letter indicated a copy was sent to the Corporation for St. Bernard Parish. However, an Assistant District Attorney for St. Bernard Parish stated that no one in his office was aware of the case.

After the investigation began by the Office of Inspector General, Jerry Cole, Deputy Director of Urban Affairs, sent a letter dated Dec. 12, 1997, to Mr. Edward's last known address, requesting that he return all records, files, and equipment belonging to the Corporation. Urban Affairs made no effort to recoup the funds as requested by the Legislative Auditor.

### Conclusions:

1. Records and Equipment of the Corporation were allegedly taken by the former director who has failed to return them.
2. Five checks totaling \$2,631, issued by the Corporation were forged, according to one of the signatories.
3. An audit of the grant funds was not done by the Corporation, as required by the grant from the Office of Urban Affairs.

4. Neither the Governor's Office of Urban Affairs nor the Corporation took adequate steps to recover the records and equipment.
5. The Office of Urban Affairs failed to take adequate steps to recover the funds as requested by the Legislative Auditor.
6. Neither the Office of Urban Affairs nor the Corporation notified proper law enforcement agencies regarding the records, equipment and forgeries.

*Recommendations:*

1. The St. Bernard Community Development Corporation should seek the assistance of the proper law enforcement officials to regain custody of the records and equipment.
2. The St. Bernard Community Development Corporation should refer the forged checks to the St. Bernard District Attorney.
3. The Office on Urban Affairs should monitor the progress the Corporation is making in getting an audit done.
4. In the absence of an audit as required by the grant funds, the Office of Urban Affairs should seek recovery of the \$66,000 from the Corporation which is responsible for the actions of its employees.

*Management Response:*

The response from the Governor's Office of Urban Affairs is attached.

A request for a response from Tyrone Edwards was returned unclaimed.

The Corporation did not provide a response to the report.

File No. 1-98-0040  
BL/LS/fs



M. J. "MIKE" FOSTER, JR.  
GOVERNOR

## State of Louisiana

OFFICE OF THE GOVERNOR

Baton Rouge

70804-9004

MAR 30 1998

POST OFFICE BOX 94004  
(504) 342-7015

March 18, 1998

Mr. Bill Lynch  
Inspector General  
Louisiana Office of Inspector General  
Post Office Box 94095  
Baton Rouge, LA 70804-9095

RE: St. Bernard Community Development Corporation  
File#1-98-0040

Dear Mr. Lynch:

In response to a report mailed to Mr. Kevin Cunningham on March 5, 1998 and forwarded to me on March 15, 1998 concerning the above referenced project, the following is a statement of the actions we have taken in an effort to resolve this problem:

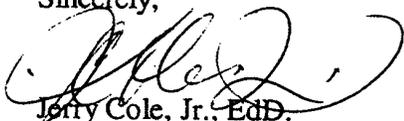
- 1) We have conducted an extensive investigation to determine the location of Mr. Tyrone Edwards, the Executive Director who was removed from office by the Board of Directors and left taking all records and equipment purchased with funds from an Office of Urban Affairs and Development grant.
- 2) We have located and had a phone conversation with Reverend Raymond Smith, President of the St. Bernard Community Development Corporation Board.
- 3) We have had a conversation with Mr. John Rowley, St. Bernard Parish District Attorney, (504) 271-1658.
- 4) In response to your letter dated 3/7/98 to Mr. Cunningham, Governor's Assistant Chief of Staff, we have contacted the St. Bernard Parish District Attorney and was told a law enforcement agency would be required to find Mr. Edwards.
- 5) The Office of Urban Affairs sent a letter dated 12/12/97 to Mr. Edwards's last known address, requesting that he return all records, files, and equipment belonging to the Corporation.
- 6) After receiving a copy of your draft report on March 17, 1998 we have done the following:

Mr. Bill Lynch  
Inspector General  
RE: St. Bernard Community Dev. Corp.  
March 18, 1998  
Page 2

- a. I have this day spoken with the St. Bernard Parish District Attorney's Office and discussed the situation with him. I have also forwarded him a copy of the Legislative Auditor's letter dated 4/17/97 which explains the essential elements of the case.
- b. I have placed a call to Major Richard Bourny of the St. Bernard Parish Sheriff's Office and left a detailed message with his staff concerning this matter.
- c. I have had a conversation with Reverend Raymond Smith who has agreed to file a complaint with the St. Bernard Parish Sheriff's Office.

I will keep you informed of developments as they occur.

Sincerely,



Jerry Cole, Jr., EdD.  
Deputy Director  
Governor's Office of Urban Affairs & Development  
(504) 342-1824

JC.Jr./rr:df