

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Town of Washington
Washington, Louisiana

April 11, 2009



Investigative Audit

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

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Town of Washington

April 11, 2001



Investigative Audit
Office of the Legislative Auditor
State of Louisiana

Daniel G. Kyle, Ph.D., CPA, CFE
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DANIEL G. KYIE, PEAC, CPA, CFE
LEGISLATIVE AUDITOR

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April 11, 2004

**THE HONORABLE JOHN SOULEAU, MAYOR,
AND MEMBERS OF THE TOWN COUNCIL,
TOWN OF WASHINGTON**
Washington, Louisiana

Transmitted herewith is our investigative report on the Town of Washington. 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 finding and recommendation, as well as your response. Copies of this report have been delivered to the Town of Washington, Louisiana Board of Ethics, and others as required by state law.

Respectfully submitted,

Daniel G. Kyie, CPA, CFE
Legislative Auditor

LS-ECLA-000-01

(continued)

Executive Summary

Investigative Audit Report Town of Washington

The following summarizes the finding and recommendation as well as management's response that resulted from this investigation. Detailed information relating to the finding and recommendation may be found at the page number indicated. Management's response may be found at Attachment 1.

Mayor May Have Violated Ethics Law

(Page 5)

Finding:	The Washington Town Council approved a proposal to install water and gas lines to a subdivision jointly owned by Mayor John Solless and his business partner, Mr. Dallas Leger. Mayor Solless and Mr. Leger then benefited by not having to personally bear the \$5,000 cost for materials and labor to install these lines. The Louisiana Code of Governmental Ethics provides that no public servant shall enter into any transaction that is under the supervision of the agency of the public servant. In addition, the Louisiana Constitution prohibits the town from donating its funds in this manner.
Recommendation:	We recommend that the Town of Washington establish policies and procedures to ensure that (1) town officials and employees are made aware of the state ethics law; and (2) when installing water and/or gas lines outside its corporate limits, these projects are performed in accordance with the Louisiana Constitution and on a consistent basis.
Management's Response:	The council had the option to install water and gas lines to a subdivision owned jointly by Mayor Solless and Mr. Dallas Leger. The council chose to install the lines. Had the council chosen not to install the lines, the subdivision would have been all electric. All council members were aware of the mayor's ownership interest. If the law restricts the mayor from receiving benefits available to others, then the restrictions are grossly unfair. The council voted unanimously to run the lines, because it was a good investment of taxpayer's money.

Background and Methodology

The Town of Washington, a Lawman Act municipality, has five council members and a mayor who serve as the governing authority for its 1,328 residents. The Legislative Auditor received an allegation involving possible impropriety in the installation of gas and water service lines to a development partly owned by Mayor John Salloum.

The procedures performed during this investigative audit consisted of (1) interviewing employees and officials of the town; (2) interviewing other persons as appropriate; (3) examining selected town records; (4) performing observations and analytical tests; and (5) reviewing applicable state and federal laws and regulations.

Finding and Recommendation

MAYOR MAY HAVE VIOLATED ETHICS LAW

The Washington Town Council approved a proposal to install water and gas lines to a subdivision jointly owned by Mayor John Soliman and his business partner, Mr. Dallas Leger. Mayor Soliman and Mr. Leger then benefited by not having to personally bear the \$8,000 cost for materials and labor to install these lines. The Louisiana Code of Governmental Ethics provides that no public servant shall enter into any transaction that is under the supervision of the agency of the public servant. In addition, the Louisiana Constitution prohibits the town from donating its funds in this manner.

Mr. Dallas Leger addressed the town council at its meeting of February 19, 1996, requesting that the town provide water and gas lines to Hidden Village subdivision located outside of the town limits and owned by Mayor Soliman and him. Mayor Soliman presided over the town council meeting. Although he did not vote on the proposal, he did not make any attempt to prevent the council from approving the proposal even though he knew that he would benefit by the requested town action. The council unanimously approved the proposal. Mr. Keith Deshotel, utility manager for the town, estimated that the cost to the town for installing gas and water lines to Hidden Village subdivision amounted to approximately \$8,000. Thus Mayor Soliman and Mr. Leger saved this cost by the town council's action.

By accepting benefits from the town, Mayor Soliman may have violated the provisions of Louisiana Revised Statute (R.S.) 42:1113, "Prohibited Contractual Arrangements." In addition, Article 7, Section 14 of the Louisiana Constitution prohibits the town from donating its funds except in such cases where the town has a cooperative endeavor agreement with the entity receiving the benefit of the town funds. By installing water and gas lines outside of its corporate limits with no written cooperative endeavor agreement detailing the public purpose of the action, the town may be in violation of this provision of the constitution.

Mayor Soliman stated that he did not believe that he should be deprived of town services available to other persons just because he is the mayor. According to Mayor Soliman, the town would install water and gas lines to any development that is properly presented to the council. It should be noted that if the town installs water and gas lines to a development outside its corporate limits without a cooperative endeavor, this practice would cause the town to be in violation of the Louisiana Constitution as stated above.

Other individuals have been required by the town to pay the cost of having city water lines installed. In an April 1996 agreement with the town, Ms. Vanessa Kennerman and Mr. Alonzo Harris stated that they paid \$2,000 to have under a tapen to have the town water line made available to their houses. In addition, during 1998, the council passed a resolution to extend a

water line to a residential development but required that three of the property owners pay \$5,514 to bring this extension to their homes.

We recommend that the Town of Washington establish policies and procedures to ensure that (1) town officials and employees are made aware of the state ethics law, and (2) when extending water and/or gas lines outside its corporate limits, these projects are performed in accordance with the Louisiana Constitution and on a consistent basis.

Attachment I

Management's Response

TOWN OF WASHINGTON

2022 2024-2026 - For 2023 2024-2026
P. O. Box 204

WASHINGTON, LOUISIANA

70099

JOHN E. SHELLEY, Mayor
March 18, 2021

John G. Elliott
Chief of Police
Louis Company
Chief

COUNCIL MEMBERS
Billie Lebo
Dorothy Hays
T. J. Smith
Gary Wilson
Mona Wilson

Daniel G. Kyle P.E., E.P.A., C.P.E.
Legislative Assistant
Post Office Box 84387
Baton Rouge, La. 70804-9387

Dear Mr. Kyle:

This is in response to the Investigative Audit Report of the Town of Washington which states that I may have violated the Louisiana Code of Governmental Ethics because of the town installing gas and water lines on property that I jointly own.

Reference is made in paragraph three of page three of the preliminary draft to a water line being paid by Commerce and Harris which cost \$2800.00.

Their father, Aaron Harris, came and asked that a water line be run across Bayou Commerce to supply his daughter and son, Commerce and Harris, who planned to build homes there. After looking at the total cost of doing this, it was decided that taxpayer's money should not be spent to supply only two people with water. It was not economically practical. Commerce and Harris understood this and agreed to run the line across the bayou at their expense. They hired a contractor to run that line at a cost of two thousand dollars. They paid the contractor directly and the town had nothing to do with that project. To help Commerce and Harris it was agreed that the town would run the line from where it stopped to the bayou and from across the bayou to their property and they would pay for the materials.

An agreement was signed, a copy enclosed, that whoever connected to the line in the future would pay a pro-rata share of the cost.

After this project was completed, two property owners, Doug Whittington and Keith Goodenowen who lived about a mile further down Bay 203, decided they wanted town water and asked the town to supply them with water. Again, the town felt that taxpayer's money should not be spent to serve three two people because it would take too long to get the money back.

Mr. McWhorter and Mr. Quethelmann knew that before they spoke to us and were happy to pay \$3000.00 for materials if the town would run the lines. Again, an agreement was signed which included Mr. Piattmier who has property near the bayou. An agreement was signed, copy enclosed, that whoever wanted to get on that line would have to telephone McWhorter, Quethelmann, Piattmier, Kessner and Herda.

Later, other people decided they wanted to get on the line including Senator Donald Gravin's brother, Charles Gravin. Charles Gravin spoke to council members to get on the line free - without paying his pro-rata share. His request was denied for obvious reasons. He finally reluctantly and grudgingly paid but has been vindictive ever since. That is what led the council to call me a thief and a swindler and requesting or demanding an audit.

Dallas Lager and I developed a subdivision just out of the town limits. Lager came before the council to discuss the possibility of the town laying water and gas lines in the subdivision. The council had the option of laying the lines or not laying the lines. If they had decided not to lay the lines the subdivision would have been all electric.

Emerald Gas was given the opportunity to run gas lines in another subdivision I own in Grand Prairie. They refused. That subdivision is all electric.

All council members knew I was part owner. Some later had been told when the issue was discussed. Therefore, I owned less than fifty percent of the subdivision. Is there a percentage where it becomes legal? If not, I could own only half of one lot in the whole subdivision and it still would be illegal to serve the residents. If so, such restrictions are grossly unfair.

The reason the council voted unanimously to run the lines is because the town owns the gas system, the sale of natural gas is the town's greatest source of revenue and they felt it was a good investment of taxpayer's money. A copy of the minutes is enclosed.

The mayor and council members, or attempt to conduct, the town's business in a manner that best benefits the taxpayers. The decisions and actions stated above were done with that in mind.

JEL/ps

Attachments

Sincerely,


John K. Solinas, Mayor

TOWN OF WASHINGTON

ROAD 825-826 - PO BOX 825-826
P. O. Box 278

WASHINGTON, IOWA

1999

JOSEY K. DENLINGER, Mayor

John G. Olfend
Chief of Police
Paula Gussard
Clerk

COLLEGE MEMBERS

J. L. Olin
Mayor Pro Tem
Walter Lohr
Dorothy Meyer
T. J. Smith
Eric Wilson

April 27, 1999

The cost of creating Bayou Cacon, two thousand dollars, will be paid on a pro rata basis by anyone requesting service. Payment will be made to the Town of Washington which in turn will reimburse Vanessa Kammason and Almyra Kania.

Vanessa Kammason and Almyra Kania will pay for the materials from Bayou Cacon to their home sites. They have already paid the cost of creating the bayou.

Anyone requesting service along Highway 103, the owner of the former James Day property and adjacent to the Joe Deigenc subdivision will pay a pro rata share of the cost of creating the bayou \$2000 and the cost of materials to run the lines to their property.
\$2000 3, 5, 5, 4, 0 0 - 5, 3, 5, 4, 0 0

Anyone interested in getting service to their lines at any time in the future will have to pay a pro rata share of the total cost of the bayou and the lines serving that area is \$4950.00. That is, if there were six original participants and someone else wants service, the total cost will be divided by seven, and that amount will be divided by six and that amount refunded to the original participants. That amount will be paid to the Town of Washington which will then make refunds. No new service shall be provided until payment has been made to the town.

Witness:


John G. Olfend
Vanessa Kammason
Almyra Kania

AGREEMENT

IT IS AGREED between MR. AND MRS. DONO WHITTINGTON (hereinafter referred to as "WHITTINGTON"); ERIC QUEBENBAE (hereinafter referred to as "QUEBENBAE"); MR. AND MRS. WINS PLATTNER (hereinafter referred to as "PLATTNER"); and the TOWN OF WASHINGTON (hereinafter referred to as the "TOWN"), represented herein by Mayor John Kistler, Esq., as per authorization and resolution passed on the 22nd day of January 1998

That the TOWN agrees to run a water line from Bayou Barron to the subdivision on the left of Highway 183 before reaching Bayou Courchaine. WHITTINGTON, QUEBENBAE and PLATTNER will pay the sum of \$2004.00. WHITTINGTON and QUEBENBAE WILL PAY THE SUM OF \$1746.00 each and PLATTNER will pay \$62.00.

That WHITTINGTON will also pay the sum of \$100.00 to ALONZO BARRIS and the sum of \$200.00 to VANESSA BARRIS-SIMPSON; and QUEBENBAE will also pay the sum of \$200.00 to ALONZO BARRIS and the sum of \$200.00 to VANESSA BARRIS-SIMPSON and PLATTNER will pay \$200.00 to ALONZO BARRIS and \$200.00 to VANESSA BARRIS-SIMPSON for reimbursement to ALONZO BARRIS and VANESSA BARRIS-SIMPSON for crossing Bayou Barron with the water line. Anyone interested in getting service on these water lines in the future will have to pay a pro-rata share of the total costs of the crossing to PLATTNER, WHITTINGTON, QUEBENBAE, ALONZO BARRIS and VANESSA BARRIS-SIMPSON, each entitled to a one-fifth (1/5) reimbursement of the original \$2000.00 for the cost of the crossing.

That in addition to the crossing fee, anyone connecting on the line that WHITTINGTON and QUEBENBAE paid \$3492.00 for materials and laborers each family will reimburse WHITTINGTON and QUEBENBAE a pro-rata share for the materials and labor and will also subsequently be reimbursed by any other user on a pro-rata basis. (Example: If one (1) family wants service, the \$3492.00 will be divided by three; if two (2) families want service, the \$3492.00 will be divided by four (4), etc.) The same applies to the \$62.00 spent by PLATTNER.

All monies will be paid to the TOWN before service is provided, and the TOWN will reimburse the original participants. No service will be provided before payment is received by the TOWN.

SIGNED at Washington, Louisiana, on this 22nd day of February, 1998.

WITNESSES: Patsy J. Fontenot

TOWN OF WASHINGTON

Linda L. Spang

John Kistler, Mayor
JOHN KISTLER, MAYOR, BAYOU

WITNESSES: Patsy J. Fontenot

Dono Whittington
DONO WHITTINGTON

Linda L. Spang

Eric Quebenbae
ERIC QUEBENBAE

WITNESSES: Patsy J. Fontenot

Linda L. Spang

Wins Plattner
WINS PLATTNER

WITNESSES: Patsy J. Fontenot

Linda L. Spang

Regular Meeting

Proceedings of a Regular Meeting of the Board and Council Members of the Town of Washington was held, Monday February 19, 1956 at the Washington Town Hall with Mayor John K. Seldens presiding.

*Members Present: Mr. T. J. Smith, Mr. George Wilson, Mr. J. L. Bell,
Mr. Secretary Rogers*

Members Absent: Mr. Wilbert Lohel

Action by Mr. Bell, seconded by Mr. Rogers to disapprove with the reading of the minutes and accept them as written. Motion voted on as follows:

Yeas: Mr. Smith, Mr. Wilson, Mr. Bell and Mr. Rogers

Nays: None

Absent: Mr. Lohel Motion carried

Action by Mr. Smith, seconded by Mr. Bell to pay town bills as presented. Motion voted on as follows:

Yeas: Mr. Smith, Mr. Wilson, Mr. Bell and Mr. Rogers

Nays: None

Absent: Mr. Lohel Motion carried

Action by Mr. Smith, seconded by Mr. Rogers that no hotels be allowed in the old Police Force Gymnasium and erect a fence across the back of the cemetery. Motion voted on as follows:

Yeas: Mr. Smith, Mr. Wilson, Mr. Bell and Mr. Rogers

Nays: None

Absent: Mr. Lohel Motion carried

Action by Mr. Smith, seconded by Mr. Wilson to increase Kendall Pipes's salary to \$7.50 per hour. Motion voted on as follows:

Yeas: Mr. Smith, Mr. Wilson, Mr. Bell and Mr. Rogers

Nays: None

Absent: Mr. Lohel Motion carried

Action by Mr. Smith, seconded by Mr. Wilson to run gas and water lines to the Hidden Village subdivision. Customary meeting water only will pay a \$200.00 tapping fee. Customary meeting gas only will also pay a \$200.00 tapping fee. If a customer wants both gas and water the charge will stay at regular rate. At no time will the tapping fees in the Hidden Village subdivision ever be lower than tapping fees for other residents in the Town of Washington. Motion voted on as follows:

Yeas: Mr. Smith, Mr. Wilson, Mr. Bell and Mr. Rogers

Nays: None

Absent: Mr. Lohel Motion carried

Action by Mr. Smith, seconded by Mr. Hayes to sell the donor opening machine to the Town of Glensboro for \$200.00. Action voted on as follows:

Present: Mr. Smith, Mr. Wilson, Mr. Batt and Mr. Hayes

Hayes: Aye

Absent: Mr. Leach Action carried

Action by Mr. Smith, seconded by Mr. Batt to introduce ordinance on Drug-Traffic Violators within the town limits, adoption in Official Journal and hold a Public Hearing at 8:30 P.M. on March 18, 1966 prior to next regular council meeting. Action voted on as follows:

Present: Mr. Smith, Mr. Wilson, Mr. Batt and Mr. Hayes

Hayes: Aye

Absent: Mr. Leach Action carried

Action by Mr. Smith, seconded by Mr. Batt to have Mr. Leo Sengal write a letter to Frank Belasco and proceed in collecting for a kitchen water on Route 1 between Wood Pointe in Spaulding. Action voted on as follows:

Present: Mr. Smith, Mr. Wilson, Mr. Batt and Mr. Hayes

Hayes: Aye

Absent: Mr. Leach Action carried

Action by Mr. Batt, seconded by Mr. Smith to adjourn. Action voted on as follows:

Present: Mr. Smith, Mr. Wilson, Mr. Batt and Mr. Hayes

Hayes: Aye

Absent: Mr. Leach Action carried. Mayor Johnson declared the meeting adjourned.

Charles J. Johnson
Clark

Leo Sengal
Hayes

Attachment II
Legal Provisions

Legal Provisions

The following legal citation is referred to in the Finding and Recommendation section of this report:

R.S. 42:1813 provides, in part, that no public servant or entity in which he has a controlling interest shall enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.

Article 3, Section 14 of the Louisiana Constitution prohibits the town from donating its funds except in such cases where the town has a cooperative endeavor agreement with the entity receiving the benefit of the town funds.

