

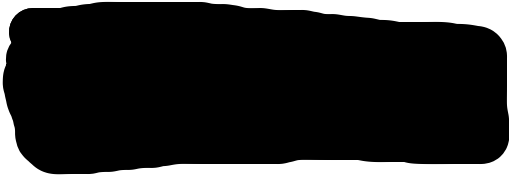
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March 27, 2023



Brian K. Snure
Snure Law Office PSC
612 South 227th Street
Des Moines, WA 98198

Re: *Mason County Fire Protection District No. 12 / Matlock Fire Department
Fraud Allegations Investigation*

Dear Mr. Snure,

This report completes my investigation into the “Fraud Report” allegations of misappropriation and “questionable” use of funds against a Fire Commissioner, the Fire Chief, the District Secretary, a Captain, and an “Unassigned” category of spending for Mason County Fire Protection District No.12 (“the District”). These allegations were published in a Fraud Investigation Report issued by the State Auditor’s Office (“the SAO”) on September 20, 2022.

All of the allegations arise out of an audit conducted by the SAO to cover the time frame from 2018 thru 2021.

BACKGROUND

The Matlock Fire Department is a small, all-volunteer department in an unincorporated city of approximately 200 people in rural Southwest Washington, located about ½ way between Olympia and Shelton, WA.

The public statement of purpose for the District states that “...the District responds to... calls for help that include structure fires, natural cover fires, vehicle and equipment fires, vehicle accidents, medical assistance, and service calls for trees over the road, power lines down, and flooding. In addition to

emergency response we are also involved with the local school providing fire prevention education during fire prevention week and providing medical standby during school sporting events. Each year we also set up an information booth and blood pressure check station at the Matlock Historical Fair.”

All the witnesses I interviewed confirmed increasing calls for fire response, actual community outreach and participation in the Old Timer’s Historical Fair, and annual community festival with a parade, booths, and exhibits and participation in neighboring small town parades and events. The District participates in the Matlock Old Timers event, bringing its equipment to display and setting up an area where children can color pictures, learn about fire safety in a casual setting, sit in the fire truck and receive small gifts like stickers from the volunteers.

As a County Fire Protection District, the it is subject to regular audit from the State Auditor’s Office. During a regularly scheduled SAO audit, it “identified potential losses of public funds in multiple areas of operations at the Mason County Fire Protection District No. 12. In September 2021, we began an investigation that ultimately determined misappropriations involving payroll, credit card and other disbursements occurred at the District, totaling \$68,672 between October 2017 and July 2022. Additionally, questionable amounts of \$95,093 were summarized in the same areas of operations between May 2017 and July 2022. “Questionable” means we were unable to determine whether the expenditures were for a legitimate business purpose. SAO Fraud Audit Procedures Report (Emphasis Added)

The investigation found that the following District employees were responsible for the misappropriated and questionable amounts as shown in the table below:

<u>Position</u>	<u>Area</u>	<u>Misappropriation</u>	<u>Questionable</u>
Fire Chief	Payroll	\$23,337	\$40,086
	Credit Card	\$16,579	\$13,941
	Disbursements	\$18,831	\$1,940
Secretary	Payroll	\$8,839	\$5,115
Commissioner A	Payroll	\$693	\$10,100
	Credit Card	\$0	\$472
Captain	Payroll	\$0	\$2,179
	Credit Card	\$393	\$449
Unassigned Disbursements		\$0	\$20,811
Total		\$68,672	\$95,093

DISCLAIMER

This investigation was materially hampered by the local publicity given to this matter. People did not want to “get involved” in such a contentious situation. For example, one aspect of the allegations

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involved payments from the local school district to the District for providing paramedics to stand-by at the local football games in case of injury to the players.

My office contacted the local school district to request records and arrange an interview of the school officials involved. That official “did not want to get involved” and refused to either provide any records or discuss the matter with me.

However, the SAO Communications Log had the following entry regarding regarding District services for the School District:

“We asked if the Fire District had a contract with the School District that sets the rates charged for BLS services for the Football season. Kelli responded they do, so we asked her to send us a copy. (Note: *The School District indicated they do not have a contract and did not know how the rates were set.*) Kelli said the Fire District just received a check for the last two seasons from the School District. Kelli confirmed that it was for the 2021 and 2020 season; she said she just received it last week, which was why it wasn't deposited yet, and it was only one check. She asked if we wanted a copy of it, so we said yes. (Note: *Per information obtained from Mary M Knight SD, the Fire District had four uncleared checks payable to the Fire District as of this meeting. The most recent check was mailed to the District on 9/30/21.*) Megan asked if the payment for the 2019 season had been received and deposited and Kelli said it would have been. Megan asked if Kelli would help her identify where and when it may have been deposited with the County because she could not see it on the County revenue reports. Kelli would look for the transmittal and let Megan know. *We discussed how the payments are made from the School District to the Fire District. Kelli confirmed the school district pays the EMTs directly (\$100 per game) and pays the District (\$50 per game).* Megan confirmed if that meant the checks were written directly to the EMTs and deposited personally, and Kelli confirmed that to be true. She said it has been like that as long as she has been there and doesn't know why they do it that way.”
(Emphasis Added)

In December, 2021, the SAO documented additional difficulties in getting source information:

“The supporting documents file was 18 pages and was mostly just warrant vouchers (warrant cover sheets) and a few payroll stubs. It only contained 2 actual invoices. Kelli's email indicated the progress was faster now that the Secretary was helping and the District should have no problem sending everything this week.

Kelli called at approx 1:50 to ask what else is needed. She thought she provided what was needed. We again explained we need the support, such as invoices or receipts for payments, and not just the warrant voucher.

We discussed the outstanding request for support for the disbursements, including general claims and payroll. We again explained that we needed supporting invoices or receipts to support the warrants. They talked about the water/mice damage to their records. We asked if they were still looking through the support or had sent over what they have. Kelli said she was still looking through it...

“We showed the May 2020 pay stub that was sent to us (pay date of 5/31/2020) and showed him that there were three payroll warrants issued in May 2020, so we didn't know which it was

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supposed to apply to. John seemed unsure why there would be three payments, and wondered if the others were for other months; he said he would not anticipate that she would get quarterly payments. We again explained that we still don't have the support for other warrants that was requested from 2019 and 2020.”

In the course of my investigation, I requested the following from the Fire Chief

“I have reviewed the photographs that you emailed to me, but to be able to use them as evidence in your defense, FOR EACH PHOTO, I NEED:

The date it was taken

The identity of the person taking the photo

The identity of any persons depicted in the photo

A description of the subject matter, and how it relates to the accusations

Which particular SAO finding it relates to

How/what it shows that demonstrates the SAO conclusions are wrong

Also, I need the supporting documents (checks, call logs, time sheets, bank records, etc) that you used to calculate the total payments for the persons you sent me. For example, payments for volunteer runs can't just be the total paid...I need to know how many calls, and the call sheet/log for each one.”

The District simply did not provide me with the source information that I requested to support their claims of good faith and District related function, such as the call logs for fire and medic responses. I requested base information on several occasions, but was provided with summaries of the charges or times involved. The “support” information I did receive is in the attached computer files.

I do not know whether this was an “unwilling or unable” situation, but (as noted below) the volunteer stipend of \$10.00 per call is dependent on the number of calls involved. I asked for copies of the log/call sheets, did not get them, and then was asked by the District “if I got everything?” I am unwilling to assign any misconduct/bad faith to this lack of response, but simply could not go forward without it. My observations and conclusions are based on the information that I did receive, and reasonable inferences drawn from that information.

I cannot make a finding based on incomplete or missing information. For that reason, I have made findings on what I believe to be sufficient information, but there are issues that I simply cannot address without additional information. I have attempted to separate those issues, but would be happy to provide a supplement if you wish.

INVESTIGATION PROCESS

The following is a general outline of my investigation. The specific allegations that were made against the District and its members are included in the SAO Report and will not be repeated here. While not specifically identified herein, I interviewed a number of the District's volunteer firefighters. They had first-hand knowledge of the individuals and the facts at issue. Interestingly, none of them had been interviewed by the SAO.

There are essential facts of the incident which are not disputed and are summarized as follows:

1. The District has adopted a resolution which, since, 2018 has approved Fire Commissioners to act as volunteer Firefighters/EMT.
2. There are no “career” or “part-time” Firefighter/EMT members of the District. All are volunteers.
3. All volunteers are paid a “stipend” of \$10.00 per emergency response (Fire or EMT), drill or training session attended.
4. The volunteer stipend, and any other accumulated non-salary payments are paid quarterly by the District. With one exception, no volunteers interviewed had any issue with the calculation of hours, the number of calls/trainings/drills, or payments made.
5. There was, in fact, a chronic water leak in the metallic roof of the Fire Station. This leak required that the roof be replaced. The leak impacted items stored in the attic of the Station, and permeated the lower levels of the building. The items impacted in the Station attic, which was tall enough to stand in, included several file boxes of records. The District contracted to have the roof repaired, and volunteers worked to remove (“tear off”) the old roof, resulting in a \$20,000 credit to the District from the contractor.
6. The District fire stations have kitchen facilities installed and, while not “staffed” in the usual sense, volunteers will sleep in the station on “rescue naps” after long deployments, during holiday seasons such as July 4th. Bedding is also needed for the gurneys used to transport patients.

As noted, I do not have subpoena power in this investigation. I am somewhat puzzled by the fact that the SAO raises red flags and points fingers over children’s coloring books and a coffee cup warmer as “questionable” credit card expenses, when, at the same time it expresses its deep concern over the fact that the US Bank wrote these payments off as uncollectible “for nonpayment.” It is axiomatic that if a credit card account is charged off by the bank for nonpayment, it was not paid; if it was not paid, how could it be the basis for a claim of misappropriation, when no public funds have been spent?

It is important to recognize that “misappropriation” of public funds by an official is a criminal offense. As such the “presumption of innocence” would apply, the burden of evidence is on the prosecution, and evidence must be presented that establishes guilt “beyond a reasonable doubt.” The SAO has made findings in its report that certain expenses and payment are misappropriation, in some cases based on a total lack of evidence, and not upon facts provable beyond a reasonable doubt. I have separated a number of their findings and included a category for some items that are “undetermined” for lack of evidence.

WITNESS INTERVIEWS

Jeff Oien

1/23/2023

Is a certified mechanic who is responsible for the maintenance and repair of the District’s apparatus. He confirmed that he usually assisted by A. Wilder in performing the maintenance and repair.

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He stated that Wilder does not generally perform vehicle maintenance alone. In his opinion, Wilder's work on the apparatus is satisfactory and not a cause for concern.

He stated that he does not keep specific records of time and services on the District vehicles.

Jennifer Jutson 1/23/2023

Is a volunteer firefighter. Joined Mason 12 when moved to the area. Primarily works weekends. Confirms \$10.00 volunteer stipend for reporting to call; confirms paid quarterly. Confirms EMT's are paid for working football games. Confirms District participation in Old Timer Fair, an annual event. Her son participated in hanging the big-screen TV in the fire station and also helped with the station roof repair. She has personal experience using the District iPads on medical calls; the iPads stay in the apparatus. There is also wi-fi connection on each apparatus. She was not contacted by SAO.

Cinda Compton 1/18/2023

Is a volunteer, but neither a certified firefighter or EMT. She has been a volunteer for 5 to 6 years. She responds to scenes and assists with operation of the fire engine pumps, traffic control, and other services as directed. She confirms the \$10.00 stipend for volunteers to reporting to calls, drills, and training. The stipend is paid quarterly, and that is how it has always been done.

She recalls that her son helped install the big-screen TV in the fire station, and that her father and brother were present and observed the installation.

She was aware that pre-COVID there was consideration of a plan to initiate a "shift work" approach to call response, which involved obtaining and using the iWatch and iPhones for dispatch and response. The plan was suspended with the COVID epidemic restrictions.

She and her relations have been involved in the community service activities of the District which are strictly fire or medical response situations. When one of the members of community has a need for emergency roof repairs after a storm, or there is a need to pass out blankets to flood victims, etc., the District volunteers will help out. The actions of the Fire Chief in taking hay to a distressed horse were consistent with that community service.

She further stated that there was often little or no paperwork involved.

Isiah Compton 1/18/2023

Is a volunteer firefighter and EMT. He confirmed the \$10.00 stipend payment for each medic or fire call, drills and training. He confirmed that EMT volunteers are paid to standby at the football games at the local high school and he has helped Kelli with that. He stated that the iPads are regularly used transfer patient information to other units and hospitals. He was not contacted by SAO.

Liam Vaughn 1/23/2023

He is a volunteer with approximately 5 years of experience. He is not a certified firefighter or EMT. He confirmed the \$10.00 stipend paid to volunteers on a quarterly basis.

He assisted with mounting the big-screen TV in the fire station, and stated that it was new, in the box, when it arrived and was installed.

He had observed the roof leaks in the fire station and the water damage to the items stored in the top level of the station. This included 3 or 4 file boxes of documents, but he did not know the contents.

He was not contacted by the SAO.

Chris Stamper 1/24/2023

Was a volunteer firefighter for 4 years, but has left the area and the District. He stated that he would usually respond to 10 to 15 calls per month. He did not participate in the football game response

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or the Old Timer's Fair. He confirmed the stipend arrangements, paid quarterly, but felt that he had not been paid for all of his time. He had not been contacted by SAO

(Former District Secretary) Brenda Wilder

1/24/2023

Has been a volunteer EMT for 5 years. She confirmed that the volunteers receive a stipend of \$10.00 for each call that they responded to, and also for attending training and drills. The drills are held twice a month on every other Tuesday. There is no set time schedule for trainings.

She assisted in installing the big-screen TV on the wall at the fire station. It was a new set, out of the box.

She confirmed that the flooring was replaced in the fire station, and she helped carry in the boxes of flooring material. She observed that District volunteers installed the new flooring.

She confirmed that the iPads are used on every medic call to communicate with other medical units and hospitals.

The District and its volunteers participate in the "Old Timers" fair, which an annual community event held over a weekend on the school grounds. The District encourages children to be involved in learning about fire safety, and has stickers and coloring books to engage them.

She also confirmed that the District volunteers would regularly engage in providing community service which did not strictly involve a fire or medical response. Such activities included going door to door to check on resident's welfare during flood events, helping secure residence roofing after storm damage, delivering food from food banks to needy persons in emergencies, and opening the fire stations as emergency shelters during extended power outages and flood events. She was familiar with the circumstances of the Fire Chief's delivery of hay to feed a hungry horse; she stated that she drove past the property where the horse was stabled on an almost daily basis and that the animal "was starving."

On the July 4 holiday, it would not be uncommon for some of the volunteers to stay overnight at the fire station so they would be available to respond to calls more quickly.

John Cooper

1/24/2023

Is the roofing contractor who replaced the fire house roof. He stated that the roof was and old tin roof that did have leaks. He inspected the roof in summer, so could not give any estimate of the severity of the leak, but he could see from the interior water damage on the ceilings and floor that it was an issue. The District negotiated with him to form a work party and remove the old roof themselves, for which he gave the District a \$20,000 credit.

ALLEGATIONS

All of the allegations brought by the SAO against the District and its officers are based on allegations of misappropriation of money and/or property. While the SAO document is titled a "Fraud Report", there are no allegations of criminal or civil "Fraud."

APPLICABLE STATUTES & REGULATIONS

RCW 42.20.070 re Misconduct by Official

Every public officer, and every other person receiving money on behalf of for or on account of the people of the state or of any department of the state government or of any bureau or fund created by law in which the people are directly or indirectly interested, or for or on account of any county, city, town, or any school, diking, drainage, or irrigation district, who:

(1) *Appropriates to his or her own use or the use of any person not entitled thereto, without authority of law, any money so received by him or her as such officer or otherwise; or*

(2) Knowingly keeps any false account, or makes any false entry or erasure in any account, of or relating to any money so received by him or her; or

(3) Fraudulently alters, falsifies, conceals, destroys, or obliterates any such account; or...

RCW 42.23.020 re Ethics for Municipal Officers.

(1) "Municipality" shall include all counties, cities, towns, districts, and other municipal corporations *and quasi municipal corporations* organized under the laws of the state of Washington;

(2) "Municipal officer" and "officer" shall each include all elected and appointed officers of a municipality, together with all deputies and assistants of such an officer, and all persons exercising or undertaking to exercise any of the powers or functions of a municipal officer;

(3) "Contract" shall include *any contract, sale, lease or purchase*;

(4) "Contracting party" shall include any person, partnership, association, cooperative, corporation, or other business entity which is a party to a contract with a municipality.

RCW 42.23.030 re Ethics of Contract Interest

No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein.

RELATED AUTHORITY

Although the code does not define a beneficial interest, its list of the types of beneficial interests that are not prohibited by the code is instructive. These exceptions include contracts for utility services, publication of legal notices required by law and employment contracts for school bus drivers and other school district employees. *See* RCW 42.23.030(1)-(10). Because the exceptions to the general rule prohibiting a municipal officer from having a beneficial interest in certain municipal contracts all involve business transactions or employment matters, we conclude the Legislature intended the term beneficial interest under the general rule to encompass the same thing. *We conclude, therefore, that RCW 42.23.030 applies only to municipal contracts involving business transactions, employment matters and other financial interests and cannot be read to apply to the contract here, which conferred no financial benefit on Johns or Cordova. Barry v. Johns*, 82 Wash. App. 865, 868, 920 P.2d 222, 223 (1996)

The provisions of § 42.23.010 *et seq.* are not violated by the appointment, by a board of fire commissioners, of the wife of one such commissioner to serve as secretary of the district nor is it a violation of § 52.12.010 (recodified as § 52.14.010) for the wife of a fire protection district commissioner who has been appointed to serve as secretary of the district to be compensated for her services as such. Op. Atty. Gen. 1978, No. 22.

RCW 42.23.070 re Special Privilege

(1) No municipal officer may use his or her position to secure special privileges or exemptions for himself, herself, or others.

(2) No municipal officer may, directly or indirectly, give or receive or agree to receive any compensation, gift, reward, or gratuity from a source except the employing municipality, for a matter connected with or related to the officer's services as such an officer unless otherwise provided for by law.

RCW 43.069.260 re Duty of Auditor to Report Misconduct

(5) On every such examination, inquiry shall be made as to the financial condition and resources of the local government; whether the Constitution and laws of the state, the ordinances and orders of the local government, and the requirements of the state auditor have been properly complied with; and into the methods and accuracy of the accounts and reports.

(6) A report of such examination shall be made and filed in the office of state auditor, and one copy shall be transmitted to the local government. *A copy of any report containing findings of noncompliance with state law shall be transmitted to the attorney general. If any such report discloses malfeasance, misfeasance, or nonfeasance in office on the part of any public officer or employee, within thirty days from the receipt of his or her copy of the report, the attorney general shall institute, in the proper county, such legal action as is proper in the premises by civil process and prosecute the same to final determination to carry into effect the findings of the examination.*

RCW 52.14.010 re Compensation of Fire Commissioners

(2)(a) Each member of an elected board of fire *commissioners shall each receive one hundred four dollars per day or portion thereof, not to exceed nine thousand nine hundred eighty-four dollars per year, for time spent in actual attendance at official meetings of the board or in performance of other services or duties on behalf of the district.* Members serving in an ex officio capacity on a board of fire commissioners may not receive compensation, but shall receive necessary expenses in accordance with (b) of this subsection.

(b) *Each member of a board of fire commissioners shall receive necessary expenses incurred in attending meetings of the board or when otherwise engaged in district business,* and shall be entitled to receive the same insurance available to all firefighters of the district: PROVIDED, That the premiums for such insurance, except liability insurance, shall be paid by the individual commissioners who elect to receive it.

(c) Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the secretary as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

(3) *The board shall fix the compensation to be paid the secretary and all other agents and employees of the district. The board may, by resolution adopted by unanimous vote, authorize any of its members to serve as volunteer firefighters without compensation. A commissioner actually serving as a volunteer firefighter may enjoy the rights and benefits of a volunteer firefighter.*

RCW 49.26.210 re Accrual of Paid Sick Leave

(1) Beginning January 1, 2018, except as provided in RCW 49.46.180, every employer shall provide each of its employees paid sick leave as follows:

(a) An employee *shall accrue at least one hour of paid sick leave for every forty hours worked as an employee. An employer may provide paid sick leave in advance of accrual provided that such front-loading meets or exceeds the requirements of this section for accrual, use, and carryover of paid sick leave.*

(e) *Employers are not prevented from providing more generous paid sick leave policies or permitting use of paid sick leave for additional purposes.*

(j) *Unused paid sick leave carries over to the following year, except that an employer is not required to allow an employee to carry over paid sick leave in excess of forty hours.*

(k) *This section does not require an employer to provide financial or other reimbursement for accrued and unused paid sick leave to any employee upon the employee's termination, resignation, retirement, or other separation from employment.*

RELATED AUTHORITY

Inclusion of husband's vested vacation and sick leave pay in community's assets was not error in dissolution proceeding, *as vacation pay is form of deferred earning, and sick leave may be cashed-out upon retirement, and is also vested matured benefit* which must be allocated in dissolution action. In re Marriage of Williams (1996) 84 Wash.App. 263, 927 P.2d 679, review denied 131 Wash.2d 1025, 937 P.2d 1102

APPLICATION OF DEPARTMENT POLICIES

The District has a set of policies to regulate the conduct and behavior of its members. The following policies were reviewed and appear to be applicable:

2018 Policy Manual Philosophy and Goals

100.3 FIREFIGHTER POWERS Firefighters are members of this district and have the following authority: (a) Participate in a wide range of emergency and rescue activities, including EMS, extrication and heavy rescue...

(g) *Provide public education and fire prevention activities and services*

102.2 POLICY Except where otherwise expressly stated, the provisions of this Policy Manual shall be considered as guidelines. It is recognized that fire and rescue work is not always predictable and circumstances may arise that warrant departure from these guidelines.

It is intended that the provisions of this manual be viewed using an objective standard, taking into consideration the sound discretion entrusted to the members of this district under the circumstances reasonably available at the time of any incident.

102.2.1 DISCLAIMER The provisions contained in the Policy Manual are not intended to create an employment contract nor any employment rights or entitlements. The policies contained within this manual are for the internal use of the Mason County Fire District 12 and shall not be construed to create a higher standard or duty of care for civil or criminal liability against the County, its officials or members. Violations of any provision of any policy contained within this manual shall only form the basis for district administrative action, training or discipline. The Mason County Fire District 12 reserves

the right to revise any policy content, in whole or in part.

405.1 PURPOSE AND SCOPE The purpose of this policy is to establish *the methods the District uses to interact with the community, share information about the workings of a fire station and demonstrate the capabilities of various apparatus and equipment through educational activities* conducted by the Fire Suppression Division.

405.2 POLICY The Mason County Fire District 12 will *aggressively promote fire safety and public awareness through a variety of public information and education activities, including a fire station visit program* operated by the Fire Suppression Division.

405.3 PROCEDURE The fire station visit program is an educational activity intended to allow school groups, service clubs, youth organizations, church groups and other civic-minded organizations to schedule and participate in a tour of a working fire station.

The types of groups and organizations appropriate for inclusion in the fire station visit program include, but are not limited to, the following: • *Pre-school classes or groups (public or private)* • *Kindergarten classes or groups (public or private)* • *Primary and secondary school groups (public, church-based or private)* • *Chaperoned, organized youth groups that generally include persons 17 years of age and under and are sponsored and accompanied by adult representatives of a formal organization (e.g., Girl Scouts, Boy Scouts, Cub Scouts, Indian Scouts and Brownies).* • *Service clubs and organizations that are generally voluntary non-profit organizations, where members meet regularly to perform charitable work either by direct hands-on efforts or by raising money for other organizations (e.g., Kiwanis, Rotary and Mason)*

500.2 POLICY It is the policy of the Mason County Fire District 12 to *follow the patient documentation and distribution guidelines developed by the Department of Health and approved by the Emergency Medical Services (EMS) medical program director (MPD).* 500.3 PROCEDURE *A Patient Care Report (PCR) shall be completed for every patient response (WAC 246-976-330).* This includes a patient who is released at the scene, meets the criteria for pronouncing death in the field, is an inter-facility transport or is involved in a multi-casualty incident. A PCR and a patient release form must be completed for all patients who refuse evaluation, treatment and/or transport.

DISCUSSION AND CONCLUSIONS

The allegations of the SAO are discussed as follows:

QUESTIONABLE CREDIT CARD CHARGES

The allegations regarding credit card purchases of the following “questionable items” of merchandise are refuted by the unanimous testimony of the volunteer fire fighters and some of the photographs attached hereto, as follows:

The Big Screen Television: Was “new in the box” when it was delivered to the Fire Station and installed on the Fire Station wall by volunteers. It has been hanging in the same location since its installation in the Fire Station. Witnessed/See photographs.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of the television and related services and accessories, such as a mounting stand: That these allegations should be **NOT SUSTAINED**.

Flooring Materials: Were “new in the box” when it was delivered to the Fire Station and installed in the Fire Station by volunteers. The surplus material was stored at the fire station for repair and replacement as needed. Witnessed/See photographs.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of the flooring: That these allegations should be **NOT SUSTAINED**

The “iPad” Equipment: Is installed and carried in the District’s vehicles and is regularly used to exchange patient information with other medical care providers in order to facilitate care of the patient. Even non-EMS/Paramedic volunteers use the equipment on medical calls to record non-medical data such a patient’s name, address, etc., in order the facilitate rapid patient care. This is the current protocol for patient care and information exchange with neighboring fire departments and medics. There was no information to believe that there was any private, personal use of the equipment.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of the iPad equipment and accessories: That these allegations should be **NOT SUSTAINED**

The “iWatch” and “iPhone” Equipment with Accessories: Were purchased for a planned dispatch and notice system with and for the District volunteers. The project was suspended because of COVID restrictions and concerns. Since that time the District and its volunteers have utilized a downloaded app program on their personal cell phones to receive and respond to calls. Once all COVID protocols have been removed, the program will be reconsidered. The equipment has been continuously stored in the fire station since the program was suspended. No witness reported that this equipment and accessories, such as iPods, protective covers, etc. had been appropriated for private or personal use.

The charge for this equipment is duplicated in the SAO claims for Verizon equipment. It is clear from the Verizon billing statements that it is “carrier” that was the source of the equipment. These charges are distinct from the “pre-paid expense” charges associated with the Verizon billing services.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the

following conclusions as to allegations of misappropriation for purchase of the iPad equipment and accessories: That these allegations should be **NOT SUSTAINED**

The Computer and iPhone Covers: The bright colored covers make it easier for the volunteers to keep track of the equipment on scene and in the apparatus when responding to a call. The odd/juvenile schemed and colored phone covers make it easier for the volunteers to keep track of the equipment on scene and in the apparatus when responding to a call. It is also an informal inventory control strategy, in that if a volunteer observes a person at a response scene walking away with a cellphone that has a “puppy” themed cover, they would stop the person and check out the phone. There was no allegation that the covers had been for private, personal use.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of the computer covers and phone covers: That these allegations should be **NOT SUSTAINED**

The Clothing Items: Clothing items with District logo or themes, or with service provider uses, such as cargo pants, were provided to volunteers to wear at District responses and functions. See attached photos.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of the clothing items: That these allegations should be **NOT SUSTAINED**

The Coffee Cup Warmer and Laptop Computer Carrier: Have been continuously used by the Fire Chief and sitting on her office desk since its purchase. The Laptop Carrier has continuously been used by the Fire Chief to carry her District computer and documents for official business since its purchase.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of the cup warmer and computer carrier: That these allegations should be **NOT SUSTAINED**

The Misc. Coloring Books, Crayons, Stickers, etc: Are used in community relations development and children’s fire education activities. They are used heavily by children attending the Old Timer’s Heritage Days, fire station visits, and other community activities.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the

following conclusions as to allegations of misappropriation for purchase of these miscellaneous items: That these allegations should be **NOT SUSTAINED**

The Misc. "Snack" Food Items: Such "grocery items" are stocked in the fire stations and on the District apparatus for consumption by the volunteers and others who may be on a fire or accident scene for extended periods of time. They are replaced as needed. See photos attached.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a "more likely than not" basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of these miscellaneous items: That these allegations should be **NOT SUSTAINED**

The design studio services and the 20 oz. stainless steel drinking glasses. These were decorated with a large District logo personalized with the volunteers' names. See photos.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a "more likely than not" basis the evidence supports the following conclusions as to allegations of misappropriation for purchase of these miscellaneous items: That these allegations should be **NOT SUSTAINED**.

However, no finding is made on the other miscellaneous other items and charges were made are **UNDETERMINED DUE TO LACK OF DATA**. These include, but are not necessarily limited to the following credit card or credit related charges: (SAO Comments confirming it's lack of evidence and willingness to rely on its speculations and erroneous conclusions are note in italics)

Clothing and home goods store - It's the only charge to this vendor. It's not a common fire clothing vendor or fire equipment vendor. In addition, 10/29/17 is a Sunday, which is not a normal business day. We consider this a personal charge by Kelli on the District's card.

Subpoena support showed personal household item purchases. The District does not have any living facilities, so no business purpose for personal bedding and home décor. (See TM E.2.74 for receipt.)

QVC - No additional info available QVC is not a common fire district vendor. It is unclear what business purpose this charge would serve for the District. We consider this a personal charge by Kelli on the District's card.

All charges and payments regarding Verizon phone services. *"Credit card statement said "Prepaid payment". This is not associated to a District phone line. We are unaware of any prepay District phone services. However, during interview with Albert Wilder, he said the District is now on service plan through Verizon and not pre-paid, but believed the District may have had pre-paid phones previously in 2018. Billing records received from Verizon begin in January 2020, so we cannot confirm whether these are valid expenses or misappropriation. Therefore we are considering these charges Questionable.*

4 boxes of chips (54 count), Wireless Charging stand for cell phones (\$35) Total Costco Sales amt was \$116.13. *All items purchased were considered misappropriated, so used actual Charge Amount as Misappropriation Amount. Purchase of 4 boxes of chips and wireless charging stand is not common for a Fire District expense. The District does not have any living quarters and is not manned.* In addition, similar district expenses for grocery items did not continue after the credit card was closed.

PayPal Trans Log at TM E.2.43 shows shipping address for Kelli Walsworth at 114 Cougar Smith Road, Montesano. Per Grays Harbor Assessor, this is vacant land owned by Brenda Wilder (mother). *It is not common for District purchases to be shipped to personal residences. Vendor, high dollar amount, and shipping direct to personal residence indicates high likelihood this is a personal purchase.*

Lots of snack food, incl cheese/crackers, jerky, popcorn, fruit snacks, 2 boxes of Hot Cocoa K-Cups, 4 containers coffee, 4 boxes silverware, 6 packs of plates (over 1500 plates)

Total Costco Sales amt for 12/27/19 was \$933.80. These items were \$521.86 of that total. *All items purchased were considered misappropriated, so used actual Charge Amount as Misappropriated Amount.* Subpoena support shows personal grocery item purchases. The District does not have any living quarters and is not manned. *The types and quantity of food and other items purchased indicates it is for personal use rather than for a District-sponsored Holiday meal. While some items, such as plates and silverware, appear to be a reasonable District expense to prepare for District events, the quantity purchased is not reasonable for such a small fire district.*

Various items of Tupperware plastic kitchen storage and service items. These were purchased in October and November, 2019 for \$1,994.00. The sales record from Tupperware was subpoenaed by the SAO. That record show that Kelli, Bryan, and Brenda were all customers in October and November 2019, but Kelli's VISA was the only credit card charged. There were almost 50 pieces of Tupperware sold on two invoices for a total of almost \$2,000.00. Then they were all shipped to Brenda at an address that is a vacant lot. The vast majority of the purchases were single items.

Based on my review of the records and SAO summaries, my opinion is that \$172.67 is the amount of "questionable" charges and that \$3,780.05 is the amount of charges that MAY BE misappropriation, subject to further investigation and proof.

COMMISSIONER ALBERT WILDER : Payroll / Vehicle Maintenance

The District has adopted a policy which allows Commissioners to be volunteer Firefighter/EMT. As such, when acting as a volunteer, the statute provides that the Commissioner is entitled to the same benefits as any other volunteer. That would include the stipend of \$10.00 per service call, training, or drill. These stipend payments are made quarterly, based on the response and participation of the member. It is hardly probative of anything that two "additional checks" were issued to the Commissioner. The relevant question is "what for"? The primary concern of the SAO seems to be that the Commissioner was paid for vehicle maintenance.

The SAO concerns that the Commissioner was paid for vehicle maintenance and repair are that it was not properly documented. The SAO ignores the obvious fact that no firefighter or volunteer can just walk up to a fire-fighting apparatus and start turning a wrench on the engine. Training and certification are required. The District has such a certified mechanic as a volunteer in the department, who has primary responsibility to provide the necessary maintenance to the District apparatus.

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I interviewed the mechanic; the SAO did not. He confirmed that the Commissioner regularly worked together with him on vehicle repair and maintenance projects. He recalled that the Commissioner did one project completely on his own, installing emergency lights on one of the vehicles.

Typically for this District, documentation is problematic. There are no forms in a file that will support the maintenance and repairs. I was informed by the Commissioner that he kept track of his time spent in his personal notebook. The certified mechanic did not keep separate records. I was informed that it had been “decided” some time in the past the mechanic was to be paid \$80/hr. for his service and the Commissioner would be paid \$40/hr. for his services in maintaining and repairing the apparatus. I was not provided any written resolution or policy to document the fact.

A sample of the information I was provided follows, the documentation is in the attached computer files:

“1/4/2020

CMD12-1 2 HRS

1. Change fluids
2. Grease
3. Rotate tires

Aid 12-1 2 HRS

1. Change Oil
2. Grease
3. Replace Marker lights

T12-1 2.5 HRS

1. Change oil
2. Replace air bags
3. Adjust Breaks”

Nevertheless, the Commissioner was, indeed, witnessed spending time working on District vehicle maintenance and repair. This is not “questionable”. The arithmetic of counting hours and separating from other activities is different, and I have not had the time or access to source documents to deal with that.

Therefore, based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation against the COMMISSIONER: That these allegations regarding a right to payment for services provided should be **NOT SUSTAINED**.

However, no finding is made on the accuracy of the actual amounts of payment that were made and which are **UNDETERMINED DUE TO LACK OF DATA**. This would include the allegation that he “*Received three additional commissioners' meeting paychecks for unknown purposes in 2020, totaling \$693.*”

DISTRICT SECRETARY BRENDA WILDER: Payroll and Benefits

Is a statutory position which is determined with terms decided by the Board of Fire Commissioners. “The fire commissioners shall... appoint a secretary of the district, who may or may not be a member of the board, for such term as they shall by resolution determine. The secretary of the *district shall keep a record of the proceedings of the board, shall perform other duties as prescribed by the board or by law, and shall take and subscribe an official oath similar to that of the fire commissioners which oath shall be filed in the same office as that of the commissioners.*” RCW 52.14.080

Here, the Secretary also had a written employment agreement, a copy of which was provided to the SAO. The document is titled “Resolution 20202108 Contract (sic) for District Secretary.” The contract is for a term of two years. *Section 1.* In addition to the administrative duties of the Secretary, she was to serve as the day-shift Emergency Medical Technician (“EMT”) for 14 days per month. *Section 2,3.* She was to be paid separately for her services: \$1,800.00 for her work as Secretary, with an additional \$700.00 for EMT services.

With respect to vacation and other benefits, the resolution/contract states: “4. VACATION AND OTHER BENEFITS...(b) The Secretary will receive the same benefits as the Fire Chief’s. Including, but not limited to vacation.” *Section 4.*

Therefore, in order to establish what benefits were extended to the Secretary, reference must be made to employment contracts of the Fire Chief to determine the level of benefits. The District had three employment contracts with the Fire Chief during the times material to this investigation. They will be reviewed in chronological order:

Fire Chief Contract dated August 15, 2018:

6. TERMINATION, NOTICE AND SEVERANCE PAY

6.4 Upon termination without Cause, the Employee shall be eligible for Severance Benefits that consist of

6.4.1 *accrued vacation and sick leave*, consistent with District policies;

6.7 In the event the Employee voluntarily resigns her position with the District and gives thirty (30) days' written notice, *the Employee shall be entitled to reimbursement consistent with Agreement Section 6.4.1.*

12. VACATION LEAVE

The Employee shall accrue Vacation Leave on a monthly basis for time worked at a rate of 180 hours per year, or 15 hours per month for the first year. If the employee's vacation hours exceed 480, then the employee will not accrue any additional vacation leave, unless the Fire Commissioners grant prior authorization. The Employee shall be authorized to take vacation leave at her convenience with regard given to staffing.

13. SICK LEAVE

The Employee shall accrue sick leave on a monthly basis when on active duty or on leave under Section 12, at the rate of one (1) day of sick leave each month. The Employee shall be eligible to accrue up to one thousand three hundred (1,300) hours of sick leave, at which point no further Sick Leave shall accrue. Upon termination without cause or resignation, the District shall compensate the Employee for one-quarter (1/4) of all accrued Sick Leave based upon the

Employee's Base Salary as of the last day of employment; provided, however, that if the Employee is discharged for Cause, he shall not be eligible for payment for accrued Sick Leave. Employee shall not accrue Vacation Leave, Sick Leave or other leave while on sick leave.

15. HEALTH BENEFITS

The District agrees to provide and pay all premiums for the Employee and her dependents for medical, dental and other all benefits on the same basis and in the same manner as made available to District employees, subject to eligibility and other terms as the District's plan documents may provide.

19. OTHER TERMS AND CONDITIONS

19.2 Except as otherwise provided in this Agreement, all provisions of District policy, state law, and rules and regulations of the District relating to sick leave, vacation, retirement and pension system contributions, holidays and other fringe benefits and working conditions as they now exist or hereafter may be amended, also shall apply to the Employee as they would to other employees of the District, in addition to said benefits enumerated specifically for the benefit of the Employee.

Fire Chief Contract dated December 15, 2020: (Effective Date August 15, 2018)

6. TERMINATION, NOTICE AND SEVERANCE PAY – No Change from 2018

12. VACATION LEAVE

Per Mason County Code Book, Chief Walsworth is entitled to vacation accrual as follows:

Years of Continuous service	Vacation Days Earned
1-3 years	12 days per year
4-7 years	15 days per year

13. SICK LEAVE – No Change from 2018

15. HEALTH BENEFITS – No Change from 2018

19. OTHER TERMS AND CONDITIONS – No Change from 2018

Fire Chief Contract dated December 21, 2021: (Effective Date August 15, 2018)

6. TERMINATION, NOTICE AND SEVERANCE PAY – No Change from 2018

12. VACATION LEAVE – No Change from 2018

13. SICK LEAVE – No Change from 2018

15. HEALTH BENEFITS – No Change from 2018

19. OTHER TERMS AND CONDITIONS – No Change from 2018

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Therefore, paragraph 6.7 confirms that the Secretary has a contract right to both vacation and sick leave pursuant to paragraph 6.4.1. There is no issue that the Secretary gave the 30 day notice. Since these provisions are included in the section regarding “Termination, Notice, and Severance Pay”, there can be no doubt that they were intended to apply at the termination of employment as District Secretary. There is no limit on accrued or future “stipend” payments for participation as a District volunteer for Fire, EMS, drills or trainings.

To the extent that one wants to argue about the “policies” language in paragraph 6.4.1, I have reviewed the District policies and procedures posted on the Internet. While these do not have specific provisions for vacation and sick leave pay-outs, the general municipal law regarding “policy” would apply.

As set out 6 Fed. Proc., L. Ed. § 11:350, “An official municipal policy, such as may provide the basis for holding a municipality liable for civil rights violations committed pursuant thereto, includes decisions of the government's lawmakers, acts of its policymaking officials, and practices which are so persistent and widespread as to practically have the force of law; these are actions for which the municipality is actually responsible. A "policy" is made, for purposes of a municipal liability...when a decisionmaker possessing final authority to establish a municipal policy with respect to the action issues an official proclamation, policy, or edict.”

Here, the “official act” was in entering into an employment contract and the course of conduct leading up to it. From a legal standpoint, my opinion is that the SECRETARY had a legal, contract right to severance payments including sick leave and vacation pay. These payments are consistent with the law and public policy in the State of Washington.

A sample of the information I was provided follows, which consisted of list of payments explanations without supporting documentation stated as follows:

“Payroll 2020
\$500.00
\$500.00
\$500.00
\$500.00
\$500.00
\$2155.05
\$2155.05
\$2155.07
Total \$8965.17

Call Pay
\$700.00
\$415.57
\$378.63
\$775.74
\$627.98
Total \$2897.92”

Based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions

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as to allegations of misappropriation against the DISTRICT SECRETARY: That these allegations regarding a right to payment for services provided should be **NOT SUSTAINED**.

However, no finding is made on the accuracy of the actual amounts of payment that were made and which are **UNDETERMINED DUE TO LACK OF DATA**.

FIRE CHIEF KELLI WALSWORTH: Severance and Benefits

As noted above, the Fire Chief is a contract employee. The provisions for salary and severance payment are included in the terms of the contract. The Fire Chief was terminated “without cause” by the Board of Commissioners.

The District had three employment contracts with the Fire Chief during the times material to this investigation. They will be reviewed in chronological order:

Fire Chief Contract dated August 15, 2018:

5. SALARY

5.1 The District shall pay the Employee for her services as Fire Chief *an annual Base Salary of \$30,000.00* payable in installments consistent with the District's regular payroll schedule, less lawful and authorized deductions.

5.2 The District *shall increase the Base Salary on an annual basis, effective on January 1 of that year for any Cost of Living Adjustments (COLA) using the CPI for Seattle, Tacoma Bremerton, provided however that the annual COLA increase shall not to exceed four (4) percent.*

6. TERMINATION, NOTICE AND SEVERANCE PAY

6.4 Upon termination without Cause, the Employee shall be eligible for Severance Benefits that consist of

6.4.1 *accrued vacation and sick leave, consistent with District policies;*

6.4.2 *six (6) months of her Base Salary following the last day of employment, payable in a lump sum, or in installments consistent with the normal payroll schedule, as determined by the District; and,*

6.8 As a condition precedent to any District obligation to pay Severance Benefits, Employee shall, *upon or promptly following her last day of employment (and in all events, within twenty one (21) days of her last day of employment, unless applicable law requires a longer period of time), provide the District with a valid, executed general release agreement in a form prepared by the District.*

10. AUTOMOBILE, COMMUNICATION DEVICES

10.1 The Employee's *duties require that he shall have the unrestricted use at all times during District employment, of an automobile, to be provided by the District.* The automobile equipment shall include at a minimum a mobile, two-way radio for communication on the District's radio channels and a mobile cellular telephone.

10.2 *All operating, maintenance and insurance costs for this automobile and related equipment will be budgeted and paid for by the District with the following exceptions:*

12. VACATION LEAVE

The Employee shall accrue Vacation Leave on a monthly basis for time worked at a rate of 180 hours per year, or 15 hours per month for the first year. If the employee's vacation hours exceed 480, then the employee will not accrue any additional vacation leave, unless the Fire Commissioners grant prior authorization. The Employee shall be authorized to take vacation leave at her convenience with regard given to staffing.

13. SICK LEAVE

The Employee shall accrue sick leave on a monthly basis when on active duty or on leave under Section 12, at the rate of one (1) day of sick leave each month. The Employee shall be eligible to accrue up to one thousand three hundred (1,300) hours of sick leave, at which point no further Sick Leave shall accrue. Upon termination without cause or resignation, the District shall compensate the Employee for one-quarter (1/4) of all accrued Sick Leave based upon the Employee's Base Salary as of the last day of employment; provided, however, that if the Employee is discharged for Cause, he shall not be eligible for payment for accrued Sick Leave. Employee shall not accrue Vacation Leave, Sick Leave or other leave while on sick leave.

15. HEALTH BENEFITS

The District agrees to provide and pay all premiums for the Employee and her dependents for medical, dental and other all benefits on the same basis and in the same manner as made available to District employees, subject to eligibility and other terms as the District's plan documents may provide.

19. OTHER TERMS AND CONDITIONS

19.2 Except as otherwise provided in this Agreement, all provisions of District policy, state law, and rules and regulations of the District relating to sick leave, vacation, retirement and pension system contributions, holidays and other fringe benefits and working conditions as they now exist or hereafter may be amended, also shall apply to the Employee as they would to other employees of the District, in addition to said benefits enumerated specifically for the benefit of the Employee.

Fire Chief Contract dated December 15, 2020: (Effective Date August 15, 2018)

5. SALARY

5.1 The District shall pay the Employee for her services as Fire Chief *an annual Base Salary of \$43,004.00* payable in installments consistent with the District's regular payroll schedule, less lawful and authorized deductions.

6. TERMINATION, NOTICE AND SEVERANCE PAY – No Change from 2018

12. VACATION LEAVE

Per Mason County Code Book, Chief Walsworth is entitled to vacation accrual as follows:

Years of Continuous service	Vacation Days Earned
1-3 years	12 days per year
4-7 years	15 days per year

13. SICK LEAVE – No Change from 2018

15. HEALTH BENEFITS – No Change from 2018

19. OTHER TERMS AND CONDITIONS – No Change from 2018

Fire Chief Contract dated December 21, 2021: (Effective Date August 15, 2018)

5. SALARY

5.1 The District shall pay the Employee for her services as Fire Chief *an annual Base Salary of \$52,743.60* (see attached MOU) payable in installments consistent with the District's regular payroll schedule, less lawful and authorized deductions

6. TERMINATION, NOTICE AND SEVERANCE PAY – No Change from 2018

12. VACATION LEAVE – No Change from 2018

13. SICK LEAVE – No Change from 2018

15. HEALTH BENEFITS – No Change from 2018

19. OTHER TERMS AND CONDITIONS – No Change from 2018

The contract provides clear, express provisions for the payment of severance. The severance payment for lost salary for some period of months in exchange for a general release of all claims is a common and enforceable provision in Fire Chief employment contracts. The “condition precedent” language for payment is tied to the time frame set out in the contract: not more than 21 days after the end of employment with the District. Since the Fire Chief is still an employee of the District, and the District has, in fact, paid her, neither the Fire Chief nor the District have breached the agreement. It would be good for the District to prepare a release and get it signed by the Fire Chief to clear up that detail. However, the right to severance is not “questionable”.

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The Fire Chief has stated that as “calculated by the Commissioners, vacation was \$4,175.44, 6 month salary was \$26,371.80, sick time was \$10,108.96.” While the salary portion is consistent with the contract, the vacation and sick leave payments were not adequately documented.

The unrestricted use of a “company car” is a common form of “in-kind” employee compensation. RCW 51.08.178 provides that the term “wages” shall “include the reasonable value of board, housing, fuel, or other consideration of like nature received from the employer as part of the contract of hire...” As an example, the value of gasoline that employer provided to workers' compensation claimant at the time of his injury for travel between home and work was a fringe benefit... *Yuchasz v. Department of Labor & Industries of State* (2014) 183 Wash.App. 879, 335 P.3d 998. The value of the benefit may well need to be reported on the Fire Chief's W-2 form, but that is not a restriction on use of the vehicle.

The contract grants the Fire Chief “unrestricted use” of the vehicle. Therefore, the Fire Chief using the vehicle on a single occasion to haul hay to a distressed animal belonging to one of the District's residents is not a breach of the contract or a misappropriation of funds. On the contrary, it is in line with the community service aspect of the District's operations, in the same way that helping the residents clean up and recover from flooding is not a “fire” or “EMT” activity, but is a resource to the public in times of unexpected stress or damage.

I am making no finding with respect to the allegations regarding the salary payments made to the Fire Chief. The check stubs I reviewed from September, 2019 included the salary of \$2,500, plus unspecified “Hourly” amounts at what appeared to be “Current” of \$225.00 and “YTD” of \$3,516.75. This was the first time an “Hourly” amount was stated and these amounts were not included in the SSI or Withholding calculations. The check stub from September, 2020, included an entry for “Admin Pay” in the amount of \$3,500.00. That was the first entry for Admin Pay and not referenced in any way. The check stub from October 2020 was even more puzzling. It stated income from “Admin Pay \$3,500.00”, “Points -EMS 42 \$420.00”, and “Points – Fire 12 \$120.00” in addition to the monthly salary. There was no detail included for these amounts.

When I requested documentation on these entries, I was informed by the Secretary that the Fire Chief had been with the District for a long time and was paid differently depending on what her job was.

A sample of the information I was provided is as follows, the documents are in the attached computer files:

“• Paid herself \$2,973 in September 2019 for vacation leave buyout, which was not authorized in her contract
-\$2,973.00 vacation buy out. In the chief's contract it states she gets vacation. It doesn't state she can't cash it in if she doesn't take vacation. So, this was my cashed in vacation.
Then she started doing day shift EMT instead of getting paid as chief.

Reimbursements are as follows

\$6,950.00

\$196.15 Drug Tests

\$156.24 Gmail

\$526.69 Quarterly pay. Due to not being full time Chief was paid quarterly call pay. (??)

\$563.15 Battery for electric gurney's.

\$75.00 Trip permit and cleaning supplies.

\$1,225.20 4 Stryker batteries for electric gurneys, and chargers.

Without detailed information to support these items, I am not able to validate or dispute them. However, I have difficulty rationalizing how the Fire Chief can simultaneously be a clerk, fire fighter and EMT for the District – at an additional charge.

Based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation against the FIRE CHIEF for receipt of severance pay and use of a District vehicle: That these allegations should be **NOT SUSTAINED**.

Based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation against the FIRE CHIEF for overpayments to her during her term of employment: That these allegations regarding a right to payment for services provided should be **NOT SUSTAINED**. However, no finding is made on the accuracy of the actual amounts of payment that were made and which are **UNDETERMINED DUE TO LACK OF DATA**. This would include the “paychecks” written in advance of the month due or in addition to a “paycheck” already issued. For example, payroll wages are distinct from Admin Time, Points-EMT and Points-Fire. It is entirely possible that separate checks could be issued for the different reasons. This would include the *Issued several paychecks months in advance of earning them Received \$2,982 in unsupported payroll payments during employment*. The material issue is not the “when” of the payment, but what it was for and the basis for calculating the amount paid.

The **UNDETERMINED DUE TO LACK OF DATA** finding would also apply to the SAO comment that *“The Fire Chief paid herself employee reimbursement warrants that were unsupported. For example, the payment description for one reimbursement totaling \$2,000 said only “wildland supplies.” The description for a second reimbursement for \$500 said only “picnic supplies.” No supporting records were provided for these costs.”*

In response to my request for support on these charges, I was sent the following information by the District:

“Wildland firefighting supplies \$2000.00

Kirkland 48 cases of water per pallet, Each pallet had 48 cases. Each pallet was \$479.15 x 2 = \$958.30

60 cases Gatorade thirst quencher. \$1,079.40

This equals out to \$2,037.50”

There were no receipts provided on these “wildland” charges, but the volume of the goods purchased certain exceeds any assumption of personal or household use. Clearly, there are additional facts and factors which should be developed and considered before any conclusions are drawn.

I have a recollection of being told that the “picnic” was held after the District tower painting party which is documented in the photo exhibits. The District Secretary also provided the following comment in an

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email with photographs “5-9 Painting at stations by dept members and BBQ afterwards. Pic taken by Kelli Walsworth. Can also see TV on wall, couches in station as well as the BBQ. Pics taken 7/27/19” However, no receipts or documents for the event have been provided. Again, there are additional facts and factors which should be developed and considered before any conclusions are drawn.

CAPTAIN BRYAN WALSWORTH: Payroll and Benefits.

The allegations against the Captain are most interesting in that, when investigating, the SAO admits in its payroll summary that some the questioned items may be “quarterly payments” and they would not pursue them, and then later, that the same type of payments were noted to be “quarterly” and not questioned at all. Then, when the “Fraud Report” was issued, it was identified as a loss that needed to be pursued.

The “support” documents that were provided by the District were copies of payroll stubs for payments issued to the Captain. Copies of the documents are included in the attached computer files.

The Captain received a \$125.00 per month “Officer’s pay” in addition to the \$10.00 stipend for attending calls for service, drills and trainings. Those stipend payments were, indeed, paid quarterly. The Captain is another witness who was not interviewed by the SAO.

Based upon the material made available to me in my investigation, my interviews, and my review of documents, I find that on a “more likely than not” basis the evidence supports the following conclusions as to allegations of misappropriation against the CAPTAIN : That these allegations should be **NOT SUSTAINED**.

SUMMARY COMMENTS

I do not know if the District’s consistent failure to provide solid supporting data is an “unwilling or unable” scenario, but it is a clear frustration for the SAO and for me.

All this being said, I have concerns about the way in which the SAO has conducted its investigation and, more importantly, broadcast its alleged findings as facts. The State statute involved, RCW 43.069.260, is very clear that when the SAO concludes that some misconduct has occurred, it is to provide a copy of its report to the entity involved and to the State Attorney General...period. It is the job of the Attorney General to review the facts and determine whether or not further action is necessary, not the SAO “fraud investigator”.

There is no provision in the statute for the SAO to publish its report on the Internet, or send copies to the local Prosecuting Attorney and Sheriff, along with involving the Internal Revenue Service and (possibly) Federal Bureau of Investigation. This is especially true when over one-half of its allegations relate to “questionable” payments that were “inappropriate” or not “clearly shown” to the satisfaction of the SAO. The issue becomes “So what steps did the SAO take to resolve these questions before issuing its Report?” The actions and lack of follow up by the SAO do not promote an objective inquiry and reasonable fact-finding for the allegations against the District. In this small-town atmosphere, they only inflamed personal animosities and made an objective investigation more difficult.

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Thank you for consulting me in this most interesting and unusual case. Please contact me if you have any questions or concerns.

Very Truly Yours,

/s/ Thomas G. Burke

Thomas G. Burke