



Richard M. Romley

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Preface

On January 24, 2006, Pinal County Attorney, R. Carter Olson, along with the Pinal County Board of Supervisors, appointed Richard M. Romley as a Special Deputy Pinal County Attorney to conduct "an investigation into allegations against one or more persons, as preliminarily set forth in a Fact Finding Report regarding Posse Account issues..., as well as any other potentially inappropriate actions by Stanley Griffis to which this investigation leads..."

During the course of the investigation, matters arose that went beyond the original issue of whether or not Dr. Stanley Griffis misused his authority as County Manager by purchasing numerous weapons for the Sheriff's Posse. As a result, the scope of the investigation grew, which ultimately led to Dr. Griffis pleading guilty to six felonies; which included multiple counts of fraudulent schemes, theft and income tax fraud.

This was an extremely complex investigation which resulted in over 30,000 documents having to be produced and reviewed; as well as over sixty individuals being interviewed. The success of this investigation would not have been possible without the assistance of Terry Goddard, Arizona's Attorney General; Debra Davenport, Arizona's Auditor General and Gale Garriott, Director of the Arizona Department of Revenue.

It is important to note that Pinal County fully cooperated during all aspects of this investigation. Although we attempted to minimize the disruption of county business, we are cognizant that we asked for an extraordinary amount of materials and to interview numerous individuals. At all times our requests were complied with in a timely fashion.

The purpose of this Report is not to be a comprehensive recitation of the facts that were gathered during the course of this investigation. Most of those facts are available with a public record request. Instead, this Report shall attempt to address the administrative issues that were identified. Twenty-two recommendations have been incorporated within this Report, of which, many have already been adopted by the Pinal County Board of Supervisors. Hopefully, this Report will guide them when they consider additional administrative changes.

Again, I would like to thank those who placed their trust with me and the numerous agents who worked tirelessly on this most important investigation.

Richard M. Romley

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WEAPONS

On January 25, 2006, a special investigation was opened amid allegations that former Pinal County Manager Stanley D. Griffis may have abused his position by purchasing weapons and accessories for personal use with County funds. Former Maricopa County Attorney, Richard M. Romley, was retained to investigate these allegations and to take any action that was deemed appropriate.

Recommendation.

The Pinal County Board of Supervisors should consider hiring an Internal Auditor for the county. This person should not be under the supervision of the county manager but should report directly to the Board of Supervisors. This independence would allow the Board of Supervisors to randomly audit the different departments in county government and investigate allegations of misconduct.

The Internal Auditor's Office should also provide an Ombudsman so that a county employee can report, both openly and/or anonymously, any abuse by a county employee, official and/or vendors doing business with the county.

During the course of this investigation, information was obtained from the following:

- *Pinal County Sheriff's Office Fact Finding Report.*
- Financial Reports: Posse account, County Manager's account, etc.
- County records: procurement, inventory listings, etc.
- E-mail.¹
- Interviews of Roger Vanderpool, Sheriff Vasquez, Board of Supervisors, posse members, sheriff's department personnel, county personnel, vendors, etc.

The investigation was able to determine that during 2002, the Pinal County Sheriff's Office formed a volunteer posse and then Sheriff Roger Vanderpool authorized former County Manager Stanley D. Griffis to become a posse member; who became known as "posse one".

Resolution 100587-OC: *Establishing a County Manager Form of Pinal County Government* dated September 28, 1987; states in part:

"The County Manager/Clerk of the Board shall be obligated to primarily attend to the duties of the position

¹ Dr. Griffis had erased his e-mail but they were recovered from the "back up" tapes within Pinal County's Information Technology Department.

and shall not engage in any other pursuits which conflict with those duties.” [Emphasis added].

Considering that the county manager makes recommendations to the Board of Supervisors regarding the Sheriff/Posse’s budget, capital projects, personnel policies, etc., an obvious question arises; “Does a conflict of interest exist by Dr. Griffis becoming a posse member?”

When former Sheriff Vanderpool, Sheriff Vasquez and the Board of Supervisors were asked whether they thought that there were any problems with Dr. Griffis being a posse member; none indicated that they had any significant concerns.

However, upon interviewing staff in Pinal County, it became apparent that numerous individuals felt that the Sheriff’s Office had been given favorable treatment because of their relationship with Dr. Griffis. Regardless of whether or not an actual conflict existed; a perception existed with many Pinal County Departments that was not conducive towards the betterment of county government.

Recommendation.

Have the county manager regularly report to the Board of Supervisors and the County Attorney his/her outside activities/memberships/affiliations. A careful review should be conducted in order to ensure that an activity would not conflict with their duties as county manager.

As the investigation continued, we were able to determine that the policies for posse members permitted them to carry handguns in conjunction with their duties and, at times, they may be authorized to use shotguns. However, the utilization of any type of rifle is strictly prohibited for a posse member.

Dr. Griffis had become an authorized posse firearm instructor for the Pinal County Sheriff’s Office. Even though posse members are not allowed to use rifles, Dr. Griffis had been approved, by both former Sheriff Vanderpool and Sheriff Vasquez, to attend the Patrol Rifle Instructor course at Pinal County’s expense.

Recommendation.

Ensure that training opportunities are directly related to current and future governmental responsibilities.

During April-May, 2005, Dr. Griffis, acting as County Manager, purchased over \$20,000.00 in guns, ammunition and accessories utilizing posse funds. Weapons purchased included rifles and accessories which are generally only used

by Special Weapons and Tactics (S.W.A.T.) teams.² Other items purchased were unrelated to official Sheriff/Posse responsibilities, e.g. .16 and .20 gauge ammunition utilizing #6 and #8 birdshot, clay pigeons, etc.

By August 2005, posse members noticed that monies were missing from the posse fund. After inquiring through Pinal County finance, it was explained to the posse that Dr. Griffis had ordered some items and that the posse account was charged in error. During the next few days, the money was returned to the posse account and charged to the county manager's account.³

Recommendation.

Review, evaluate and determine the protocols that should be followed before County Manager's funds may be expended for county business. The investigation could not ascertain any legitimate purpose whereby the County Manager would need to retain weapons.

Because of the above, Sheriff's Commander Jeffrey Karns requested that an audit or investigation of posse expenditures be conducted. The review revealed that Dr. Griffis had purchased over \$20,000.00 in rifles and firearms accessories. At least two of the weapons retailed for over \$1,000.00 apiece and would normally require that they be tagged and inventoried pursuant to county policies. Neither of these weapons were inventoried nor tagged. Additionally, one weapon cost over \$5,000.00 which required that the weapon be procured pursuant to county policies. This was not done.

Recommendation.

Policies should be reviewed, updated, enhanced and implemented to ensure that inventory controls are adequate. All county property must be properly delivered and accounted for by the appropriate Pinal County Department.

Recommendation.

Policies should be reviewed, updated, enhanced and implemented to ensure that procurement protocols are followed.

² Coincidentally, between August 24 and August 29, 2005, there were e-mail exchanges between former county manager Stanley D. Griffis and Chief Deputy Jerald Monahan indicating that the Sheriff was seeking Dr. Griffis' assistance in the purchase of S.W.A.T. weaponry.

³ When Dr. Griffis was originally asked by Sheriff Vasquez to return the weapons in question, he refused to do so, stating: "Since I purchased the weapons from my budget, for now I will retain them". [E-mail: Stanley D. Griffis and Sheriff Vasquez, dated September 21, 2005] Subsequently, Pinal County Supervisor Sandie Smith asked Dr. Griffis to return the weapons and other items; Dr. Griffis complied.

Throughout the course of this investigation, numerous individuals were asked whether they had any information that Dr. Griffis had used Sheriff weaponry for personal purposes. Many indicated that they had heard “rumors” that Dr. Griffis had used Sheriff’s equipment but they did not have direct knowledge. One individual had been told that Stanley Griffis had used a sniper rifle to go turkey hunting in Texas back in 2004; however, he did not have any personal knowledge of that incident.

All weapons and firearm accessories have been returned and are accounted for. However, some clay pigeons and ammunition were not returned.

SUPERSTITION VALLEY TRANSPORTATION PROJECT INCOME TAX

During the late 1990's, Pinal County officials realized that certain sections of the county, particularly the Superstition Valley area, were on the verge of a large housing boom. County officials were concerned that county roads were not adequate to handle a large increase in population or traffic and that money would be needed to finance the improvements necessary. A firm was contracted with to conduct a Superstition Valley Transportation Study. The study concluded that many roads needed to be improved and proposed that home developers be charged an assessment per roof in exchange for concessions such as early zoning vesting and protection from future fee increases. This money could then be used for the improvement of the transportation infrastructure. This project was entitled the Superstition Valley Transportation Project [SVTP]. The investigation revealed that Dr. Griffis oversaw this project.

On January 26, 2000, Stanley D. Griffis opened a private bank account at Norwest Bank [now Wells Fargo] in the name of the Superstition Valley Transportation Project [SVTP account]. The opening of this bank account was in violation of state law.

Recommendation.

Determine whether or not Pinal County has opened any other private bank accounts. If so, Pinal County should consider closing those accounts. In most instances, State law provides that public monies shall be deposited with the County Treasurer.

The address on the account was a post office box which was controlled by Pinal County. The SVTP account was created for the purpose of collecting fees from home builders and developers which were to be used to fund the construction of roads in the Superstition Valley area. Dr. Griffis controlled the deposits and/or withdrawals from the SVTP account. His former secretary, Ria Petty, advised that Stanley D. Griffis instructed her to keep a financial transaction record for the SVTP account listing all debits and credits to the account. These procedural orders were contrary to the normal protocols of the county, including the fact that his secretary did not have the financial skills to handle the assignment, and, at times, there were no receipts for the disbursements from the account.

Recommendation.

All policies should be reviewed, updated, clarified and implemented so as to ensure that the flow of funds and disbursements are reported, tracked, monitored and reconciled by the finance department of Pinal County.⁴

For the next few years, deposits to the account included large sums of money from construction companies, home developers, investment companies, and others. Payments from this account were then made to engineering companies, construction companies, grading companies, and others involved in surveying and building roads. During this period of time, Dr. Griffis began making withdrawals or transfers out of the account to him or others that were not related to the purpose for which the account had been set up and without the knowledge or approval of the Pinal County Board of Supervisors. These included the following:

- SVTP bank records show that on 12/16/00, a cashiers check in the amount of \$5,775.00 was made payable to D. N. Griffis. Although there was not a billing statement for this expense, Ria Petty's ledger shows the same amount being paid to H&S Consulting on the same day. The investigation revealed that David N. Griffis is the son of the Dr. Griffis. Employment records for David N. Griffis indicate that he does not have a history of wages from H&S Consulting. Additionally, Arizona Corporation Commission records show that H&S Consulting Inc. was dissolved in March 1998.
- SVTP bank records show that on 09/28/01, a cashiers check in the amount of \$16,531.30 was made payable to Garrett Wade. On 09/28/06, records were obtained from the Garrett Wade Company which shows that six separate orders for over 130 woodworking tools and parts were shipped to Stanley D. Griffis' residence between 10/05/01 and 11/09/01.

When it became known by legal counsel that Dr. Griffis had opened a private bank account for the SVTP funds, he was instructed to close the account because of its illegality. Dr. Griffis then advised Pinal County that he had closed the account and had transferred the balance of \$817.64 to the county. Investigators were advised by Pinal County that the last Wells Fargo Bank statement that it had received was for April of 2002. Investigators also obtained a receipt from Ms. Petty showing a check for \$817.64 was delivered to Pinal County finance

⁴ This recommendation may exclude some accounts. For example, the County's Anti-racketeering Revolving Account [RICO], pursuant to State law, is administered by the County Attorney.

representing the closure of the Wells Fargo SVTP account. After the SVTP account was allegedly closed, Pinal County had no further records of any activity in that account.

Investigators then obtained the SVTP Wells Fargo bank statement for the month of May 2002; one month after the SVTP account had been allegedly closed by Dr. Griffis. The bank statement showed that the SVTP account had not been closed, but rather, the address had been changed to a personal post office box that had been continuously rented by Stanley D. Griffis since 1990.

Recommendation.

Consider assigning the Internal Auditor the responsibility of conducting random audits of all accounts relating to major construction projects.

Even though the SVTP account had not been closed, new procedures were implemented which required that the Superstition Valley Transportation Project monies be handled by the Pinal County Public Works Department; with the deposits being made to the Pinal County Treasurer. Despite this, Dr. Stan Griffis circumvented this new procedure by ordering checks made payable to SVTP be delivered to him first; thereby providing the defendant the ability to steal the funds.

Wells Fargo records show that after the alleged closure of the SVTP account, Dr. Griffis deposited over \$400,000.00 that were payable to Pinal County and/or SVTP into the Superstition Valley Transportation Project account. This occurred between May of 2002 and June 2003. Those checks are summarized as follows:

Date	Payor	Payee	Amount
05/31/02	Woodside Homes	SVTP	\$3,532.00
05/31/02	Great Western Homes	SVTP	\$7,064.00
05/31/02	Great Western Homes	SVTP	\$13,125.00
05/31/02	Woodside Homes	SVTP	\$1,766.00
09/06/02	Gila River Indians ⁵	BOS	\$76,461.00
06/10/03	Standard Pacific	Pinal County	\$150,417.12
06/10/03	Continental Homes	Pinal County	\$150,417.12

Upon deposit of the aforementioned checks, bank records indicate that the following transactions occurred after the alleged closure of the Wells Fargo SVTP account:

⁵ The investigation revealed that the Gila River payment was not related to any Superstition Valley Transportation Project. Rather, it was a payment relating to the cleanup of a tire fire that occurred several years before in Pinal County.

- On 09/09/02, Wells Fargo records indicate that a cashier's check in the amount of \$101,973.38 was made payable to AmTrust Bank and debited from the SVTP account. AmTrust Bank records show that this check was used to open a personal account in the name of Stanley Griffis/SVTP.
- On 08/21/03, Wells Fargo records indicate that a cashier's check in the amount of \$15,438.50 was made payable to BBR, Inc. and debited from the SVTP account. Attempts to identify BBR, Inc. were unsuccessful, but Pinal County indicated that it had not officially conducted business with the aforementioned entity.
- On 09/19/03, Wells Fargo records indicate that a cashier's check in the amount of \$8,500.00 was made payable to Walt Schiessl and debited from the SVTP account. When contacted, Mr. Schiessl indicated that he is an antique and historical L.C. Smith shotgun dealer. Mr. Schiessl advised that he sold Stanley D. Griffis two guns and a gun stock, which totaled \$8,500.00. Mr. Schiessl later sent Dr. Griffis a refund check for \$5,100.00 after the he had returned one of the two weapons. The \$5,100.00 check was never deposited into any Pinal County account.
- On 10/07/03, Wells Fargo records indicate that a cashier's check in the amount of \$14,540.00 and a cashier's check in the amount of \$2,000.00 were made payable to Ericson & Ericson and debited from the SVTP account. Mr. Dusty Erickson, former owner of Erickson & Erickson which was an historical and big game weapons dealer, was contacted. Mr. Erickson provided records showing that he sold a John Wilkes shotgun to Dr. Griffis for \$16,540.00.
- On 10/23/03, Wells Fargo records indicate that a cashier's check in the amount of \$2,530.00 was made payable to Historical Armory, Inc. and debited from the SVTP account. Mr. Paul Brunswig, of Historical Armory, advised that he sold a "Liberty 2" historical side-by-side .12 gauge shotgun to Dr. Griffis for \$2,530.00.
- On 01/08/04, Wells Fargo records indicate that a cashier's check in the amount of \$78,000.00 was made payable to Stan Griffis and debited from the SVTP account. This check was subsequently deposited into a Wells Fargo account titled "Stanley D. Griffis, Pamela S. Griffis, Griffis Family Trust".
- On 01/10/04, Wells Fargo records indicate that a cashier's check in the amount of \$61,000.00 was made payable to Pinal County Federal Credit Union and debited from the SVTP account. Pinal County

Federal Credit Union records indicated that the check was deposited into Dr. Griffis' account and was used to pay the balances on two automobile loans totaling \$59,655.30. The remaining balance from the \$61,000.00 was taken out as cash.

- On 02/07/04, Wells Fargo records indicate that a cashier's check in the amount of \$3,022.20 was made payable to Old World Tile & Marble and debited from the SVTP account. Old World Tile & Marble records indicate that Stanley D. Griffis used the check to pay for the balance of a Desert Amarillo dining room granite slab table that was intended to be placed in his home.
- On 02/24/04, Wells Fargo records indicate that a cashier's check in the amount of \$117,490.02 was made payable to AmTrust Bank and debited from the SVTP account. The withdrawal of this check brought the Wells Fargo SVTP account balance to \$0 and the account was closed. AmTrust bank records show that the check in the amount of \$117,490.02 was deposited into a personal account which had been opened under Stanley Griffis/SVTP in September of 2002.

The investigation revealed that none of the monies transferred out of the SVTP account by Dr. Griffis after May of 2002 were used for county related purposes. The money was used by Dr. Griffis or his wife for personal items such as weapons, vehicles and home improvements.

The following table summarizes the embezzled monies taken by Dr. Griffis from the Superstition Valley Transportation Project and, for which, personal income taxes were never paid for the years 2000, 2001, 2002, 2003 and 2004:

EMBEZZLED MONEY: SVTP

2000	2001	2002	2003	2004
\$5,775.00	\$16,531.30	\$101,973.38	\$43,008.50	\$259,524.22

STATE RETIREMENT PENSION INCOME TAX

On May 4, 1995, Dr. Griffis signed a Memorandum of Understanding with the Pinal County Board of Supervisors which modified his employment contract as the Pinal County Manager. Item “B” states:

“Your vacation and sick leave shall continue to accrue at the same rate as other county employees. You may accumulate a maximum of twelve hundred [1200] hours of vacation. Sick leave may be converted to vacation leave as it is accrued until a maximum of twelve hundred [1200] hours of vacation is accumulated. Thereafter, all vacation and sick leave policies applying to other County employees shall apply to you”.

Pinal County policies state that accrued vacation and sick leave **may not** be converted to pay until separation from Pinal County employment.

In 2003, Dr. Griffis, who was still employed by Pinal County, directed that two unauthorized payroll system codes [Codes 1500 and 7001] be created. These payroll codes were applicable only to him and permitted him to improperly increase his state pension benefits, falsify his deferred compensation and avoid paying his personal income taxes.

State Retirement Pension [Code 1500] Income Tax

Code 1500 was created in order to provide a mechanism whereby Dr. Griffis could be paid his accrued vacation earlier than was permitted under his employment contract. By doing this, Dr. Griffis was able to increase his gross income, which, in turn, would dramatically increase his future monthly retirement pension.⁶ This “spiking” of his salary was not only a breach of his employment contract but was also in violation of state law. A.R.S. § 38-711.7(a).

The investigation showed that over three years, beginning with the pay period ending on March 29, 2003 and continuing through December 9, 2005, Dr. Griffis ordered that a portion of his accrued vacation be converted to pay and

⁶ State law provides that as part of the calculation in determining the pension for a state employee; one utilizes the past thirty-six consecutive months of the employees gross pay. The higher the gross pay, the higher the pension benefit. A.R.S. § 38-757.

added to his gross income.⁷ This gross income was then reported to the Arizona State Retirement System for pension calculation purposes. *See Appendix A.*

The Arizona State Retirement System was notified of this violation and Dr. Griffis’ pension was reduced from \$13,900.68 per month to \$9,238.10 per month. *See Appendix B.* Additionally, \$11,610.54 was returned to Pinal County from the State Retirement System because Pinal County had been required by law to contribute “matching funds” towards Stanley D. Griffis’ pension plan.

After Dr. Griffis directed that his vacation be converted to pay, he then ordered that those payments be classified as a “pre-tax” deduction. As a result, he never paid any personal income taxes on these improper conversions.

The following table summarizes the illegal payments to Stanley D. Griffis for his accrued vacation and sick leave, of which, income taxes were never paid for the years 2003, 2004 and 2005.

2003	2004	2005
\$57,111.87	\$77,213.60	\$71,032.31

Recommendation.

Separate the Pinal County Manager and the Pinal County Clerk of the Board positions into two separate and independent functionalities. The Pinal County Clerk of the Board is the official record keeper of the business conducted by the Board of Supervisors. The Pinal County Clerk of the Board should report directly to the Pinal County Board of Supervisors.

Recommendation.

The Board of Supervisors should ensure that strict controls exist for any changes, additions and deletions to payroll codes for all employees; including contract employees.

Recommendation.

Ensure that the County Manager’s employment contract is publicly disclosed and placed within his/her personnel file held by Human Resources.

⁷ Dr. Griffis’ employment contract was not included within his personnel file; thus inhibiting a review of the accuracy of Dr. Griffis’ claim. The only copy of Dr. Griffis’ employment contract was with the Pinal County Clerk of the Board. Ironically, Dr. Griffis held both positions of County Manager and the Pinal County Clerk of the Board of Supervisors.

DEFERRED COMPENSATION INCOME TAX

Pinal County, along with other governmental entities, participates in a deferred compensation retirement program. These programs allow an employee to contribute part of their pay into an investment pension plan. The monies invested are not taxed until they are withdrawn from the investment program. Deferred compensation plans must meet specific requirements set out by Federal and State laws in order to qualify as a “pre-tax” investment program.

Deferred Compensation [7001] Income Tax

Stanley D. Griffis had participated in Pinal County’s deferred compensation plan [Code 7000] until mid-2003, at which time he ordered that his deferred compensation contributions be stopped. He then directed that a new and fictitious retirement Code [Code 7001] be created. Dr. Griffis then ordered staff to deposit a portion of his pay into his personal bank account which he claimed was a “retirement” account” [Code 7001].

Finally, Dr. Griffis ordered that all of the funds be deducted as “pre-tax”; thus decreasing his personal income tax obligation for the years 2003, 2004 and 2005. *See Appendix A.*

These actions taken by Dr. Griffis invalidated his deferred compensation contributions.

The following table summarizes the illegally directed deferred compensation payments to him and for which personal income taxes were never paid:

2003	2004	2005
\$12,535.00	\$48,839.28	\$41,900.00

Recommendation.

Ensure that legal counsel is available to answer any legal questions regarding tax and/or financial issues.

Recommendation.

The Pinal County Board of Supervisors should consider random audits of the deferred compensation program by participating management level employees.

VACATION/SICK LEAVE

As previously discussed under the *State Pension* section of this Report, on May 4, 1995, Dr. Griffis signed a Memorandum of Understanding with the Pinal County Board of Supervisors which modified his employment contract as the Pinal County Manager. Item “B” states:

“Your vacation and sick leave shall continue to accrue at the same rate as other county employees. You may accumulate a maximum of twelve hundred [1200] hours of vacation. Sick leave may be converted to vacation leave as it is accrued until a maximum of twelve hundred [1200] hours of vacation is accumulated. Thereafter, all vacation and sick leave policies applying to other County employees shall apply to you”.

In 2003, Dr. Griffis, who was still employed by Pinal County, directed that an unauthorized payroll system code, Code 1500, be created. Code 1500 was created in order to provide a mechanism whereby Dr. Griffis could be paid his accrued vacation earlier than was permitted under his employment contract. By doing this, Dr. Griffis was able to increase his gross income, which, in turn, would dramatically increase his future monthly retirement pension.⁸

The investigation showed that beginning with the pay period ending on March 29, 2003 and continuing through December 9, 2005, Dr. Griffis ordered that a portion of his accrued vacation be converted to pay and added to his gross income. This gross income was then reported to the Arizona State Retirement System for pension calculation purposes. When Dr. Griffis’ accrued vacation leave was depleted, he then converted his sick leave to vacation leave and he continued converting his vacation leave to pay.

It was essential that Dr. Griffis have enough “time on the books” in order to maximize his pension benefits. During the course of the investigation it was noticed that Dr. Griffis rarely took any vacation or sick leave. In fact, Dr. Griffis did not claim sick leave when he was hospitalized for his by-pass surgery in 2005. The following chart summarizes Dr. Griffis’ utilization of his sick and vacation time taken during the last six years of his employment with Pinal County.

⁸ State law provides that as part of the calculation in determining the pension for a state employee; one utilizes the past thirty-six consecutive months of the employees gross pay. The higher the gross pay, the higher the pension benefit.

SICK LEAVE TAKEN PER CALENDAR YEAR

2000	2001	2002	2003	2004	2005	2006
0	0	48	24	0	0	1.68

VACATION LEAVE TAKEN PER CALENDAR YEAR

2000	2001	2002	2003	2004	2005	2006
56	160	16	0	72	0	5.64

Recommendation.

Develop a procedure to ensure that the County Manager accurately accounts for his/her sick and vacation leave taken.

CREDIT CARD/TRAVEL

Between July 2003 and November 2005, Stanley D. Griffis, as the Pinal County Manager, was assigned a county credit card to be used for items that were necessary in discharging the official business of the county and for travel related purposes. However, on 65 occasions, he used the county credit card and travel reimbursement system for his own personal purposes for a total benefit of \$3,247.00.

Specifically, he used the county credit card on 62 separate occasions, totaling \$2,073.00, to purchase gas for his personal vehicle while at the same time requesting mileage reimbursements from the County.

On two separate occasions, totaling \$574.00, Dr. Griffis submitted mileage reimbursement claims for the utilization of his personal vehicle; when, in fact, he was attending a professional conference in Wisconsin where he had rented a car.

Finally, just before Dr. Griffis retired, he used his county credit card to purchase a \$600.00 National Rifle Association **lifetime** membership for himself.

During the course of this investigation, Ms. Kathleen Ball, Accountant III, Pinal County finance department, was interviewed. She advised that she has been responsible for preparing financial statements, auditing, and entering county credit card expenditures since 2004. During her first month on the job, Ms. Ball advised her supervisor that many employee credit card purchases lacked itemized receipts for meal purchases and hotel/airfare bills. She stated that claims were rarely, if ever, compared with credit card purchases; making the possibility of discovering double claims unlikely.

Finally, Ms. Ball indicated that the credit card policy does not provide a list of items prohibited for purchase with the county credit card and that the employees are not currently required to sign or acknowledge any such prohibitions or limitations when issued the cards.

Recommendation.

Policies should be created, updated, clarified and implemented for proper credit card use. These policies should include a requirement that the public purpose of purchases be appropriate, documented and approved.

Recommendation.

Policies should be updated, clarified and implemented for travel activities. These policies should include clear guidelines for reconciling travel forms with supporting documentation and receipts.

Recommendation.

Consideration should be given to segregate among several employees the various activities related to credit cards and travel; including but not limited to:

- ***Approving the appropriateness of the travel request.***
- ***Recording travel expenditures.***
- ***Reconciling original receipts to travel forms.***
- ***Authorizing credit card issuance.***
- ***Receiving credit card statements.***
- ***Reconciling credit card statements to receipts and invoices.***
- ***Reviewing credit card usage to ensure that it is for an appropriate county purpose.***
- ***Authorizing payment.***

CARPENTRY

During the course of this investigation it was discovered that former County manager Stanley D. Griffis is skilled in carpentry and woodworking. Throughout his tenure as County Manager, Dr. Griffis was called upon by county departments to build furniture, conference tables, grandfather clocks and plaques that were presented to officials and Pinal County employees upon retiring.

Recommendation.

Obtain a legal opinion from the Pinal County Attorney's Office regarding what is an appropriate gift under state law and the Arizona Constitution. All departments should be advised of the opinion and be required to comply with its provisions.

Recommendation.

Consideration should be given to prohibiting the County Manager from providing personal services to any county department or county employee.

The investigation revealed that the vast majority of the materials and tools Dr. Griffis used to build these tables, clocks, and plaques were either purchased by the respective department requesting the item or with the Pinal County credit card that was issued to Dr. Griffis. The supplies and equipment purchased were either delivered to Dr. Griffis' residence or he had arranged to have them picked up and delivered to his residence. A centralized record was never kept as to what equipment or supplies Dr. Griffis had purchased nor were the items inventoried pursuant to county policy. At a later date, Stanley D. Griffis did return some woodworking tools to Pinal County but because inventory records and purchase orders were not easily identified we were not able to ascertain whether or not all of the equipment and supplies had been returned to Pinal County.

Recommendation.

Policies should be reviewed, updated, enhanced and implemented to ensure that inventory controls are adequate. All county property must be properly delivered and accounted for by the appropriate Pinal County Department.

Recommendation.

Policies should be reviewed, updated, enhanced and implemented to ensure that procurement protocols are followed.

The investigation also revealed that Dr. Griffis had ordered over 130 woodworking tools and parts from the Garrett Wade Company totaling over \$16,000.00. These items were shipped to Stanley D. Griffis' residence and were paid for with funds from the Superstition Valley Transportation Project account. These monies were public funds intended for the building of roads and the transportation infrastructure needs within Pinal County.

Additionally, Dr. Griffis used funds from the Superstition Valley Transportation Project to partially fund the purchase of a granite table that was ordered for his personal use.

These purchases are discussed in greater detail in this Report under the section entitled *Superstition Valley Transportation Project*.

HOME IMPROVEMENTS

During the course of the investigation, information was obtained that former County Manager Stanley D. Griffis may have had home improvements performed upon his personal residence by Pinal County employees.

Upon interviewing Mark Tucker, Director, Pinal County Facilities Management Department, it was confirmed that Dr. Griffis had utilized a number of county employees for various home improvement projects to his personal residence. Work that was performed included plumbing, electrical work and carpentry.

Although Mr. Tucker indicated he was “not directly involved” with Dr. Griffis’ hiring of several staff from Mr. Tucker’s department, he was able to provide a list of those individuals who had worked for Stanley D. Griffis.

Interviews were conducted of several employees and all indicated that the work was performed on their own time and that Dr. Griffis personally paid them for the work.

Recommendation.

Policies should be reviewed, updated, enhanced and implemented to ensure that employees seeking to “moonlight” outside of Pinal County government be required to disclose these activities to their appropriate department manager for approval.

MARICOPA ROAD PUBLIC IMPROVEMENT PROJECT

In 1994, the non-profit Maricopa Road Public Improvement Corporation was formed specifically for the purpose of assisting Pinal County in financing the cost of acquiring, constructing, reconstructing, and improving Maricopa Road from Interstate 10, Queen Creek exit all the way through the Town of Maricopa.

The plan called for Pinal County to lease the land to the Maricopa Road Public Improvement Corporation, who would then obtain financing from Bank One in the amount of \$4,500,000.00 in the form of certificates of participation. These funds were then to be used to finance the improvement of the road.

The investigation revealed that Dr. Stanley D. Griffis was listed as the President and a member of the Board of Directors for the Maricopa Road Public Improvement Project. As part of the investigation, efforts were made to try and determine whether or not Dr. Griffis received any financial remuneration. The investigation could not identify any funds going to Dr. Griffis from this project.

This financing mechanism is appropriate under state law.

No recommendations.

MICHELLE MILTON, NÉE GRIFFIS

During the course of this investigation, numerous individuals stated that they had heard that land developer George Johnson may have gifted a parcel of land to Dr. Stanley D. Griffis' daughter, Michelle Milton, née Griffis.

Investigation into this matter revealed that during October of 2002, George Johnson and his wife did sign and record a special warranty deed granting a parcel of land to Michelle Griffis which was located on Johnson Ranch. Subsequent to the deeding of the property, Michelle Milton obtained a construction loan and had her current residence built on that lot.

Upon interviewing Michelle Milton, she stated that she had a "verbal" agreement with George Johnson to pay \$30,000.00 for the lot and that she had recently completed paying off the debt. However, Mrs. Milton did not have any checks or receipts to confirm these payments, but instead advised that she had paid off the debt with cash.

Michelle Milton provided a copy of a "satisfaction of note" dated December 14, 2005, which was signed by George and Jana Johnson. The note essentially states that Michelle Griffis' note in the amount of \$30,000.00 has been fully paid, satisfied, and discharged.

Although Mrs. Milton stated that the business deal between her and George Johnson did not involve her father, Dr. Stanley D. Griffis, questions still exist as to the propriety of this transaction.

Recommendation.

Pinal County should consider adopting a Code of Ethics for all county employees.

APPENDIX A

APPENDIX A
STANLEY D. GRIFFIS
RE: PINAL COUNTY PAYCHECKS FOR 2003

<u>Pay Period Date</u>	<u>Net Amount of check</u>	<u>Gross Amt of wages (per Pinal County Payroll Register)</u>	<u>Tax. Amt of wages (per Stmt)</u>	<u>Ded. for Code 1500 (AZSRS - pmts of Vac and Sick Accruals)</u>	<u>Ded. for Code 7001 (AZSRS - Deferred Comp)</u>	<u>Amt. Dep. to AmTrust Acct.</u>	<u>Amt. Dep. to Other Accts (i.e. Pinal Cty Credit Union)</u>
1/4/2003	\$2,992.17	\$5,373.60	\$4,617.40	\$0.00	\$0.00	\$0.00	\$2,992.17
1/18/2003	\$2,992.17	\$5,373.60	\$4,617.40	\$0.00	\$0.00	\$0.00	\$2,992.17
2/1/2003	\$2,992.17	\$5,373.60	\$4,617.40	\$0.00	\$0.00	\$0.00	\$2,992.17
2/15/2003	\$2,533.31	\$5,373.60	\$3,898.40	\$0.00	\$0.00	\$0.00	\$2,533.31
3/1/2003	\$2,533.30	\$5,373.60	\$3,898.40	\$0.00	\$0.00		\$2,533.30
3/15/2003	\$2,533.32	\$5,373.60	\$3,898.40	\$0.00	\$0.00	\$2,368.47	
3/29/2003	\$4,920.86	\$10,645.10	\$3,792.96	\$5,271.50	\$0.00	\$2,368.49	\$2,552.37
4/12/2003	\$4,920.87	\$8,009.35	\$3,845.68	\$2,635.75	\$0.00	\$2,368.49	\$2,552.38
4/26/2003	\$4,920.87	\$8,009.35	\$3,845.68	\$2,635.75	\$0.00	\$2,368.49	\$2,552.38
5/10/2003	\$4,920.87	\$8,009.35	\$3,845.68	\$2,635.75	\$0.00	\$2,368.49	\$2,552.38
5/24/2003	\$4,920.86	\$8,009.35	\$3,845.68	\$2,635.75	\$0.00	\$2,368.49	\$2,552.37
6/7/2003	\$4,920.86	\$8,009.35	\$3,845.68	\$2,635.75	\$0.00	\$2,368.49	\$2,552.37
6/21/2003	\$5,283.74	\$8,009.35	\$3,845.68	\$2,635.75	\$0.00	\$2,368.49	\$2,915.25
7/5/2003	\$5,470.20	\$8,182.15	\$3,753.20	\$2,635.75	\$0.00	\$2,368.49	\$3,101.71
7/19/2003	\$5,548.11	\$8,266.91	\$3,748.79	\$2,720.51	\$0.00	\$2,445.00	\$3,103.11
8/2/2003	\$5,548.11	\$8,266.91	\$3,748.79	\$2,720.51	\$923.00	\$2,445 and \$923	\$3,103.11
8/16/2003	\$5,548.11	\$8,266.91	\$3,748.79	\$2,720.51	\$923.00	\$2,445 and \$923	\$3,103.11
8/30/2003	\$5,548.11	\$8,266.91	\$3,748.79	\$2,720.51	\$923.00	\$2,445 and \$923	\$3,103.11
9/13/2003	\$5,548.11	\$8,266.91	\$3,748.79	\$2,720.51	\$923.00	\$2,445 and \$923	\$3,103.11
9/27/2003	\$5,548.11	\$8,266.91	\$3,748.79	\$2,720.51	\$923.00	\$2,445 and \$923	\$3,103.11
10/11/2003	\$5,555.99	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445 and \$1,320	\$3,110.99
10/25/2003	\$5,556.00	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445 and \$1,320	\$3,111.00
11/8/2003	\$5,556.00	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445 and \$1,320	\$3,111.00
11/22/2003	\$5,555.99	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445 and \$1,320	\$3,110.99
12/6/2003	\$5,556.00	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445 and \$1,320	\$3,111.00
12/20/2003	\$5,555.99	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445 and \$1,320	\$3,110.99
Totals for 2003:	\$123,480.20	\$200,588.67	\$100,170.38	\$57,111.87	\$12,535.00	\$63,191.39	\$72,658.96

STANLEY D. GRIFFIS
RE: PINAL COUNTY PAYCHECKS FOR 2004

<u>Pay Period Date</u>	<u>Net Amount of check</u>	<u>Gross Amt of wages (per Pinal County Payroll Register)</u>	<u>Tax. Amt of wages (per Stmt)</u>	<u>Ded. for Code 1500 (AZSRS - pmts of Vac and Sick Accruals)</u>	<u>Ded. for Code 7001 (AZSRS - Deferred Comp)</u>	<u>Amt. Dep. to AmTrust Acct.</u>	<u>Amt. Dep. to Other Accts (i.e. Pinal Cty Credit Union)</u>
1/3/2004	\$5,020.09	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445.00 & \$1,320.00	\$2,575.09
1/17/2004	\$5,020.08	\$8,643.71	\$3,585.00	\$2,844.51	\$1,320.00	\$2,445.00 & \$1,320.00	\$2,575.08
1/31/2004	\$4,783.71	\$8,643.71	\$3,229.00	\$2,844.51	\$1,676.00	\$2,445.00 & \$1,676.00	\$2,338.71
2/14/2004	\$5,159.74	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,445.00 & \$1,676.00	\$2,714.74
2/28/2004	\$5,159.72	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,338.72
3/13/2004	\$5,159.74	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,338.74
3/27/2004	\$5,159.73	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,338.73
4/10/2004	\$5,159.74	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,338.74
4/24/2004	\$5,159.73	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,338.73
5/8/2004	\$5,253.65	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,432.65
5/19/2004	\$5,722.02	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.02
5/22/2004	\$5,722.02	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.02
6/5/2004	\$5,722.02	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.02
7/3/2004	\$5,722.02	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.02
7/17/2004	\$5,722.01	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.01
7/31/2004	\$5,722.02	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.02
8/14/2004	\$5,722.02	\$9,069.11	\$3,206.87	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,901.02
8/28/2004	\$5,792.79	\$9,185.11	\$3,316.84	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,971.79
9/11/2004	\$5,792.78	\$9,185.11	\$3,316.84	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,971.78
9/25/2004	\$5,792.79	\$9,185.11	\$3,316.84	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,971.79
10/9/2004	\$5,792.78	\$9,185.11	\$3,316.84	\$3,269.91	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,971.78
10/23/2004	\$5,742.94	\$9,184.99	\$3,464.84	\$3,121.79	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,921.94
11/6/2004	\$5,810.91	\$9,253.96	\$3,464.84	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,989.91
11/20/2004	\$5,805.49	\$9,253.96	\$3,457.70	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,984.49
12/4/2004	\$2,789.82	\$6,063.20	\$3,627.18	\$0.00	\$7,651.28	\$1,676.00	\$2,789.82
		\$6,063.20	\$87.92				
12/18/2004	\$3,091.01	\$6,381.58	\$3,610.63	\$318.38	\$1,676.00	\$2,821.00 & \$1,676.00	\$270.01
Totals for 2004	\$137,501.37	\$235,840.00	\$86,275.65	\$77,213.60	\$48,839.28	\$111,885.00	\$68,480.37

STANLEY D. GRIFFIS
RE: PINAL COUNTY PAYCHECKS FOR 2005

<u>Pay Period Date</u>	<u>Net Amount of check</u>	<u>Gross Amt of wages (per Pinal County Payroll Register)</u>	<u>Tax. Amt of wages (per Stmt)</u>	<u>Ded. for Code 1500 (AZSRS - pmts of Vac and Sick Accruals)</u>	<u>Ded. for Code 7001 (AZSRS - Deferred Comp)</u>	<u>Amt. Dep. to AmTrust Acct.</u>	<u>Amt. Dep. to Other Accts (i.e. Pinal Cty Credit Union)</u>
1/1/2005	\$5,236.63	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.63
1/15/2005	\$5,236.64	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.64
1/29/2005	\$5,236.62	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.62
2/12/2005	\$5,236.64	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.64
2/26/2005	\$5,236.63	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.63
3/12/2005	\$5,236.64	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.64
3/26/2005	\$5,236.62	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.62
4/9/2005	\$5,236.64	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.64
4/23/2005	\$5,236.63	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,415.63
5/7/2005	\$5,394.09	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,573.09
5/21/2005	\$5,810.37	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,989.37
6/4/2005	\$5,810.38	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,989.38
6/18/2005	\$5,810.38	\$9,253.96	\$3,461.26	\$3,190.76	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,989.38
7/2/2005	\$5,818.88	\$9,411.47	\$3,396.28	\$3,245.07	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,997.88
7/16/2005	\$5,818.89	\$9,411.47	\$3,396.28	\$3,245.07	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,997.89
7/30/2005	\$5,818.88	\$9,411.47	\$3,396.28	\$3,245.07	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,997.88
8/13/2005	\$5,982.33	\$9,411.47	\$3,620.19	\$3,245.07	\$1,676.00	\$2,821.00 & \$1,676.00	\$3,161.33
8/27/2005	\$5,790.81	\$9,601.94	\$3,284.03	\$3,310.74	\$1,676.00	\$2,821.00 & \$1,676.00	\$2,969.81
9/10/2005	\$5,954.26	\$9,601.94	\$3,507.94	\$3,310.74	\$1,676.00	\$2,821.00 & \$1,676.00	\$3,133.26
9/24/2005	\$5,954.26	\$9,601.94	\$3,507.94	\$3,310.74	\$1,676.00	\$3,310.74 & \$1,676.00	\$2,643.52
10/8/2005	\$5,954.26	\$9,601.94	\$3,507.94	\$3,310.74	\$1,676.00	\$3,310.74 & \$1,676.00	\$2,643.52
10/22/2005	\$3,397.94	\$6,926.01	\$3,850.18	\$477.21	\$1,676.00	\$477.21 & \$1,676.00	\$2,920.73
11/5/2005	\$4,041.69	\$7,614.42	\$3,802.68	\$1,165.62	\$1,676.00	\$1,165.62 & \$1,676.00	\$2,876.07
11/19/2005	\$3,740.16	\$7,291.98	\$3,824.92	\$843.18	\$1,676.00	\$843.18 & \$1,676.00	\$2,896.98
12/3/2005	\$3,740.16	\$7,291.98	\$3,824.92	\$843.18	\$1,676.00	\$843.18 & \$1,676.00	\$2,896.98
12/17/2005	\$0.00	\$3,224.40	\$3,001.92	\$0.00	\$0.00	\$0.00	\$0.00
Totals for 2005	\$131,967.43	\$228,703.91	\$90,917.88	\$71,032.31	\$41,900.00	\$105,449.67	\$68,417.76

APPENDIX B

State of Arizona)
) ss.
County of Maricopa)

AFFIDAVIT

1. Affiant Nancy Linssen is the Assistant Director of the Financial Services Division of the Arizona State Retirement System. She has reviewed the Arizona State Retirement System records relating to Stanley D. Griffis' retirement benefits. She makes this Affidavit on her personal knowledge and is authorized and competent to make this Affidavit.

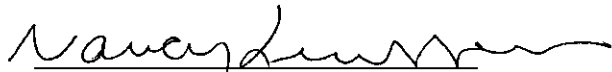
2. The Arizona State Retirement System is a defined benefit plan which bases benefits on a formula which includes a member's annual compensation as a component.

3. After Mr. Griffis retired, the Arizona State Retirement System was advised by Pinal County that contributions had been paid by the County to the Arizona State Retirement System on Mr. Griffis' account in excess of what the County should have paid. The Arizona State Retirement System has refunded those monies to Pinal County.

4. The refund of those monies to Pinal County resulted in a reduction in the Arizona State Retirement System records of the annual compensation of Stanley D. Griffis.


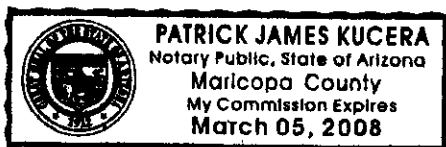
5. The refund of the excess contributions resulted in a reduction of Mr. Griffis' monthly retirement benefit from \$13,900.68 to \$9,238.10. That amount will remain payable to him each month during the balance of his life.

6. Should his spouse/beneficiary survive him, she would receive 2/3 of his monthly payment for the balance of her life.



Nancy Linssen
Assistant Director, Financial Services
Arizona State Retirement System

SUBSCRIBED AND SWORN TO this 22ND day of March, 2007.


Notary