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Phyllis K. Fong
Inspector General Department of Agriculture
United States Department of Agriculture
Office of Inspector General
PO Box 23399
Washington, DC 20026-3399

Dear Inspector General Fong:

I have been retained as legal counsel for Valarie Stamey, Treasurer for Ravalli County, Montana. It is necessary to inform your office of the following facts and events concerning the administration of the receipt of monies from the United States Department of Agriculture to two Ravalli County Departments; the Weed District and the WIC program. The monies come either from the United States Department of Agriculture or through the Forest Service. The money for the WIC program comes from the United States Department of Agriculture.

Attached to this letter is an explanation by Valarie Stamey of the process that is in use and the process that has been used by the Ravalli County Treasurer's Office in regard to the depositing of expenditures by the United States Department of Agriculture to Ravalli County departments. Valarie Stamey is instituting procedures to hopefully correct what is a serious lapse in security to protect these funds from potential embezzlement and misappropriation. However, as stated in the attached Explanation of Current and Past Procedures, there is no ascertainable way that Valarie Stamey can certify that misappropriation of funds has not occurred.

The Ravalli County Treasurer's Office has no printed record of the deposits of funds from the United States Department of Agriculture to the Ravalli County Weed District since

2008 and no printed records for the WIC program since 2010. Valarie Stamey began to keep a printed record of these entries after becoming Treasurer in September of 2013. The maintenance of printed record is important in light of the fact that any entry into the accounting program can be altered at a date after original entry and no record of the change can be obtained without an extensive effort to discover that change. Without a printed record of the original entry there is no way to reconcile the entry in the software with the originally entered deposit amounts. Most of these monies are then placed into a general bank account providing no means to individually trace and reconcile the deposit through the bank records.

Let's say for example that an entry is made into the software of \$1,000 and no printed record of that entry is made. Two hours latter another user of the software can then adjust that number down to \$500 and literally pocket the rest of the money having access to both the software program and the money. The depositing entity believing they deposited \$1,000 would never know that \$500 was taken. Without a separate printed copy of the original entry, any audit would have to rely on the entry in the software program questioning the validity of that audit. The subsequent mixing of the money into a general account rather than into a specific account in the bank would make tracing virtually impossible.

Furthermore at the demand of Ravalli County CFO, Karlysse Murphy, the procedure for an erroneously entered transaction is to edit the existing transaction rather than voiding or canceling the transaction and making a hard copy of that voiding or canceling. Valerie Stamey has listed several actions she will take to correct this problem in her attached Explanation of Current and Past Procedures.

It is necessary to inform you of this serious lapse in standard accounting procedure and security protocols and allow you the opportunity to investigate the records of the Ravalli County Treasurer's Office and the records and activities of CFO, Karlysse Murphy. Valarie Stamey is fully willing to assist your office in this matter.

In itself, the insufficiencies in security and protocols is serious, but does not necessarily imply that any misappropriations have occurred. However, additional red flags that have been observed by Valarie Stamey substantially increase the probability that a misappropriation of funds might have occurred.

The first red flag is that the County CFO is the only person with the administrative authority to change the funding codes of the software program at will and she also has the same ability to adjust entries at a later time. Without a printed copy of the original transaction, there is no means for the county treasurer to reconcile nor protect the funds from misappropriation by the CFO or another party. Valarie Stamey has been in office only since September but has witnessed formerly accurate funding codes not working preventing the transaction from posting correctly. The County CFO accused Valarie Stamey of being ignorant and then proceeded to inform others of her opinion. The problem was latter shown to a

person from the software company to be true. The person turned and looked at CFO, Karlysse Murphy, and stated that Karlysse it was you who set up these codes.

The second red flag is actions of Ravalli County Commissioner J.R. Iman. J.R. Iman was previously caught taking county property that he knew did not belong to him. J.R. Iman for unauthorized and unexplained reasons prevented Valarie Stamey from having direct access to the Treasurer Bank Accounts and the combination to the Treasurer's Safe for roughly three weeks. When Valeria Stamey made inquiries to correct the situation she was threatened by J.R. Iman to be careful who she talked to and to stop asking questions. The Ravalli County Commission has not dealt with J.R. Iman's actions.

The third red flag is that of tax clerk Bonnie Dugan who made a false accusation of another employee in the Treasurer's office of stealing money. The actions of the employee were observed by another employee who witnessed all of the actions of the employee and attested to the innocence of what he saw. Valarie Stamey and Human Resources Director, Robert Jeni, counted the money that Bonnie Dugan claimed was short of money and found that it was not. Bonnie Dugan then came back to them and claimed it was in another area is where the money was missing from evidencing Bonnie Dugan's lack honesty in the accusation. Bonnie Dugan initiated these accusations following the employee being tasked with finding records of receipts that were missing. Despite all of these facts the Ravalli County Commissioners refuses to remove her from the Treasury Office.

The fourth red flag is the statement to the employee tasked with finding the files of the missing receipts by another employee that one of the previous Treasurers, Joanne Johnson, had moved the files "to protect us" from her replacement Mary Hudson Smith.

These red flags question the integrity of Ravalli County Government in general and the environment of the Treasurer's Office in particular. When this lack of integrity is combined with the lack of sufficient protection of United States Department of Agriculture monies, expended to Ravalli County, corruption and potential misappropriation is a probable outcome.

Please contact my office to arrange communications with Ravalli County Treasurer, Valarie Stamey.

A copy of this letter is being sent to the offices of Montana Senators Max Baucus and Jon Tester, and Congressman Steve Daines.

Sincerely,

Robert C. Myers