

STATE OF NORTH CAROLINA

SPECIAL REVIEW

**FORSYTH COUNTY
CLERK OF SUPERIOR COURT**

WINSTON-SALEM, NORTH CAROLINA

SEPTEMBER 2000

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

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Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
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LETTER OF TRANSMITTAL

September 11, 2000

The Honorable James B. Hunt, Jr., Governor
The Honorable Michael F. Easley, Attorney General
The Honorable Judge Thomas W. Ross
Director of the Administrative Office of the Courts
The Honorable Terry L. Holbrook
Forsyth County Clerk of Superior Court
Members of the North Carolina General Assembly

Ladies and Gentlemen:

Pursuant to General Statute §147-64.6(c)(16), we have completed our special review into allegations concerning Forsyth County Clerk of Superior Court. The results of our review, along with recommendations for corrective actions, are contained in this report.

General Statute §147-64.6(c)(12) requires the State Auditor to provide the Governor, the Attorney General, and other appropriate officials with written notice of apparent instances of violations of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee. In accordance with that mandate, and our standard operating practice, we are providing copies of this special review to the Governor, the Attorney General and other appropriate officials.

Respectfully submitted,

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive script.

Ralph Campbell, Jr., CFE
State Auditor



TABLE OF CONTENTS

	PAGE
OVERVIEW.....	1
INTRODUCTION	3
FINDINGS AND RECOMMENDATIONS	7
STATEMENT OF FINANCIAL IMPACT	29
EXHIBITS	31
DISTRIBUTION OF AUDIT REPORT	41

OVERVIEW

The Forsyth County Clerk of Superior Court is located in the Forsyth County Hall of Justice. The Clerk's office employs approximately 85 people. The Office is organized in eight divisions; Administration, Estates, Civil Filings, Civil Records, Bookkeeping, Child Support, District Criminal Records, and Courtroom Clerks. The Clerk is elected to office and serves a four-year term.

For the fiscal year ended June 30, 2000, the Forsyth Clerk's office issued approximately 150,000 receipts totaling \$22 million. During the same time period the Office issued 36,000 checks totaling \$22 million and processed 115,000 new case files.

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INTRODUCTION

On March 24, 2000, we received a telephone call from the Forsyth County District Attorney requesting that we conduct a Special Review of the Forsyth County Clerk of Superior Court's operations. According to the District Attorney, Gary Thomas, the Forsyth County Clerk of Superior Court (Clerk) had been arrested on March 24, 2000 and charged with one count of embezzlement. The charge alleged that the Clerk had issued an order disbursing \$23,482.62 in surplus foreclosure funds to a magistrate, with the intent of receiving some of the funds in return. According to the District Attorney, the magistrate cooperated with law enforcement, received the funds from the clerk, and then made a \$5,000 payment to the Clerk from funds provided by law enforcement officials.

The District Attorney asked that we examine the records, especially the special proceeding files, in an attempt to identify any other occasions when money was disbursed to someone other than the rightful owner.

The District Attorney had the Sheriff's office secure the Clerk's office until the day we began our investigation. We began our investigation on Monday, March 27, 2000, in conjunction with the State Bureau of Investigation and with the assistance of the Internal Auditors with the Administrative Office of the Courts (AOC).

Due to the numerous transactions which are processed in a Clerk's office the size of Forsyth County, it was not practical to examine every transaction in such a time period; so we used the following procedures to identify any transactions that needed to be examined.

INTRODUCTION (CONTINUED)

Early in the process we performed a cash count of all the Clerk's operations and interviewed the bookkeepers. According to the Senior Deputy Clerk in Bookkeeping (Bookkeeper), on occasion she was instructed by the Clerk to prepare checks for the people and organizations indicated on notes and return the printed checks and addressed envelopes to him or the box outside his office. The Bookkeeper provided us with a copy of a handwritten list of case files showing the name and address of people and companies to whom checks were made payable. The handwritten notes reflected case numbers, names, addresses and some amounts on several different cases. She said that in cases where an amount was shown beside a name, she was instructed to prepare a check for that person, for the amount indicated.

The 13 cases identified in the handwritten notes provided by the Bookkeeper were:

- | | | |
|-----|------------|---|
| 1. | 88CVM3452 | Household Finance (P) v. Nathaniel Johnson, Sr. (D) |
| 2. | 88CVM18104 | Getz Jewelers (P) v. Dorothy Hunter (D) |
| 3. | 89CVM 4751 | Liberty Tire and Automotive Services, Inc. (P) v. William Kellum (D) |
| 4. | 91CVS7365 | City of Winston-Salem (P) v. J. Glenn Taylor and Doris D. Taylor (D) |
| 5. | 93CVM7622 | American General Finance (P) v. Hoke Flynt (D) |
| 6. | 92CVM10249 | Commercial Credit Corp. (P) v. Corrie R. Jackson (D) |
| 7. | 94CVM7644 | Southern National Bank Recovery Dept. (P) v. Angelo L. Caravana (D) |
| 8. | 94CVM14221 | Kernersville Football Booster (P) v. Tina Maruki (D) |
| 9. | 93CVM3864 | Members Credit Union (P) v. Rufus D. Reid (D) |
| 10. | 92CVD4800 | Plyer Supply Company, Inc., (P) v. Jeffrey Batten DBA Start to Finish (D) |
| 11. | 94CVD11853 | C. Robin Dean (P) v. Michael E. Gregg (D) |
| 12. | 94CVS8893 | Ricke & Angelos Kortesis (P) v. Medical Park Hospital, Inc. (D) |
| 13. | 99CVS2229 | City of Winston-Salem (P) v. Richard & Carola Pope and others (D) |

In addition to performing a cash count on March 27, 2000, and examining the transactions related to the 13 case files listed above, we reviewed the following:

INTRODUCTION (CONTINUED)

- ◆ Case 92SP722, Lynch Property (the special proceeding foreclosure file used to disburse funds to the magistrate),
- ◆ All checks written out of the escheat account since 1993,
- ◆ Case 97CVS3652, City of Winston-Salem vs. C. W. Myers Trading Post, Inc., and Salvage Building Materials, Inc.,
- ◆ Preliminary and actual check registers from October 1999 through March 2000 and vouched selected disbursements to the case files,
- ◆ Endorsements on checks from October 1999 through March 2000, mainly looking for the account number of Dick Kelly Truck Sales, Inc. and/or a Piedmont Federal Stamp,
- ◆ All investments that were closed between September 1999 and March 2000 that were valued at \$1,000 or more,
- ◆ All cases that were removed from the deposits payable aging reports between July 1999 and March 2000,
- ◆ All cases that were removed from the judgements aging reports between September 1999 and March 2000,
- ◆ A listing of all checks written out of the cash bond account since 1993 and vouched selected disbursements to the case files,
- ◆ A listing of all checks written out of the uninvested trust account since 1993 and vouched selected disbursements to the case files, and
- ◆ Additional cases found on handwritten notes in the Clerk's office.

Also, we interviewed persons internal and external to the Clerk's office, excluding the former Clerk, and reviewed other records that were pertinent in determining whether or not transactions were executed correctly.

This report presents the results of our Special Review. The review was conducted pursuant to G. S. § 147-64.6(c)(16) rather than a financial audit. This report represents our findings and recommendations from a review of records and interviews inside and outside of the Clerk's office. Given the pending criminal charge and investigation,

INTRODUCTION (CONCLUDED)

contact with the former Clerk was limited to the Office of the Attorney General. While the Special Review was being performed, the Office of the State Auditor also conducted a financial related audit of the Forsyth County Clerk of Superior Court for the year ended June 30, 1999.

Gary Thomas, who was the Forsyth County Clerk of Superior Court at the inception of our review, resigned April 3, 2000. The same day, Terry Holbrook was appointed Acting Clerk. On April 28, 2000, Terry Holbrook was appointed Clerk to serve the remainder of Gary Thomas' term. Throughout, the Findings and Recommendations section of this report, we refer to Gary Thomas as the Former Clerk.

FINDINGS AND RECOMMENDATIONS

1. THE FORMER CLERK ORDERED THAT SURPLUS FORECLOSURE FUNDS BE DISBURSED TO SOMEONE OTHER THAN THE PERSON WITH THE RIGHTFUL CLAIM. (92SP722 - LYNCH PROPERTY)

On October 12, 1992, a Forsyth County Assistant Clerk of Superior Court issued an Order of Foreclosure thereby ordering a Trustee to foreclose on a Deed of Trust in the name of Lester M. Lynch (original mortgagor) and Patricia A. Herring (record owner). The property was sold at a public sale. The Magistrate referred to in the Introduction, his wife, and two other individuals purchased the property at a public sale for \$42,700. The Final Report and Account of Foreclosure Sale (Exhibit 1) reflects that \$19,651.11 of the sale proceeds was used to pay off the mortgage and \$2,586.34 of the sale proceeds was used to pay various costs and fees, leaving \$20,462.55 in surplus sale proceeds that could be petitioned by the entitled parties (See G. S. § 45-21.32 on page 9).

On January 7, 1993, the \$20,462.55 in surplus sale proceeds was deposited in the Clerk's office checking account, pursuant to G. S. § 45-21.31(b). The Clerk's office assessed the maximum \$1,000 commission on January 29, 1996. On January 29, 1996, the remaining \$19,462.55 was transferred to the Clerk's office investment pool account. The \$1,000 in commissions was disbursed to the N.C. State Treasurer.

From January 29, 1996 until December 8, 1999, the \$19,462.55 earned \$4,020.07 in interest. On December 8, 1999, the \$23,482.62 was transferred from the pooled

FINDINGS AND RECOMMENDATIONS (CONTINUED)

investment account to the escheats account. Before the money was escheated to the State Treasurer, it was disbursed in a check payable to the Magistrate.

According to the Magistrate, the Former Clerk talked to him about being delinquent in his daily receipts and in addition, he asked him if he wanted to make some money. The Magistrate said the Former Clerk told him that he would have a \$23,482.62 check written to him and he in turn would give some of the money to the Former Clerk. The Magistrate said he contacted the Senior Resident Superior Court Judge who in turn contacted law enforcement. The matter is currently under criminal investigation which resulted in the charge described in the Introduction.

According to the Senior Deputy Clerk in Bookkeeping (Bookkeeper), the Former Clerk gave her a signed order on April 21, 2000, to write a \$23,482.62 check to Stanley Mitchell (Exhibit 2). She said the check was written and she placed the check in the file in the Former Clerk's box and told his secretary. She said the Former Clerk told her that the Magistrate was coming by the office the next day to pick up the check.

North Carolina G. S. § 45-21.31. Disposition of proceeds of sale; payment of surplus to clerk, directs that sale proceeds be disbursed in the following order:

- a) The proceeds of any sale shall be applied by the person making the sale, in the following order, to the payment of –
 - (1) Costs and expenses of the sale, including the trustee's commission, if any, and a reasonable auctioneer's fee if such expense has been incurred;
 - (2) Taxes due and unpaid on the property sold, as provided by G.S. 105-385, unless the notice of sale provided that the property be sold subject to taxes thereon and the property was sold;

FINDINGS AND RECOMMENDATIONS (CONTINUED)

- (3) Special assessments, or any installments thereof, against the property sold, which are due and unpaid, as provided by G. S. 105-385, unless the notice of sale provided that the property be sold subject to special assessments thereon and the property was so sold;
- (4) The obligation secured by the mortgage, deed of trust or conditional sale contract.
- b) Any surplus remaining after the application of the proceeds of the sale as set out in subsection (a) shall be paid to the person or persons entitled thereto, if the person who made the sale knows who is entitled thereto. Otherwise, the surplus shall be paid to the clerk of the superior court of the county where the sale was had –
 - (1) In all cases when the owner of the property sold is dead and there is no qualified and acting personal representative of his estate, and
 - (2) In all cases when he is unable to locate the persons entitled thereto, and
 - (3) In all cases when the mortgagee, trustee or vendor is, for any cause, in doubt as to who is entitled to such surplus money, and
 - (4) In all cases when adverse claims thereto are asserted.
- c) Such payment to the clerk discharges the mortgagee, trustee or vendor from liability to the extent of the amount so paid.
- d) The clerk shall receive such money from the mortgagee, trustee or vendor and shall execute a receipt therefor.
- e) The clerk is liable on his official bond for the safekeeping of money so received until it is paid to the party or parties entitled thereto, or until it is paid out under the order of a court of competent jurisdiction.

If any surplus funds are deposited with the Clerk's office as the result of a sale,

North Carolina G.S. § 45-21.32. Special proceeding to determine ownership of

surplus, dictates the following procedures to determine ownership:

- a) A special proceeding may be instituted before the clerk of the superior court by any person claiming any money, or part thereof, paid into the clerk's office under G.S. 45-21.31, to determine who is entitled thereto.
- b) All other persons who have filed with the clerk notice of their claim to the money or any part thereof, or who, as far as the petitioner or petitioners know, assert any claim to the money or any part thereof, shall be made defendants in the proceeding.
- c) If any answer is filed raising issues of fact as to the ownership of the money, the proceeding shall be transferred to the civil issue docket of the superior court for trial. When a proceeding is so transferred, the clerk may require any party to the proceeding who asserts a claim to the fund by the petition or answer to furnish a bond for costs in the amount of two hundred dollars (\$200.00) or otherwise comply with the provisions of G.S. 1-109.
- d) The court may, in its discretion, allow a reasonable attorney's fee for any attorney appearing in behalf of the party or parties who prevail, to be paid out of the funds in controversy, and shall tax all costs against the losing party or parties who asserted a claim to the fund by the petition or answer.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

We found no evidence of a special proceeding other than an order to disburse the surplus funds to the Magistrate.

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the

Attorney General's Office based on the nature of the finding.

2. THE FORMER CLERK DIRECTED THE ISSUANCE OF A CHECK FOR \$16,053.76 TO SOMEONE OTHER THAN THE ORGANIZATION WHICH HAD THE RIGHTFUL CLAIM. (CASE 94CVS8893 – RICKE A. KORTESIS AND ANGELOS D. KORTESIS VS. MEDICAL PARK HOSPITAL, INC.)

On February 11, 1997, Judge H. W. Zimmerman, Jr., signed a Judgement in the Ricke A. Kortesis and Angelos D. Kortesis, Plaintiffs, v. Medical Park Hospital, Inc., Defendant, case stating Ricke A. Kortesis was injured by the negligence of one of the defendant's employees, and she is entitled to recover \$100,000 for personal injuries.

On April 3, 1997, the Judge signed an order issuing a stay of execution on the judgement. He also ordered the defendant post a \$150,000 surety bond with the Forsyth County Clerk of Superior Court or deposit the amount of \$150,000 with the Forsyth County Clerk of Superior Court as security for the judgement in action.

On April 18, 1997, the defendant deposited \$150,000 with the Forsyth County Clerk of Superior Court as a cash bond in the above described action. On May 1, 1997, the Clerk's office assessed \$1,000 commission and deposited the remaining \$149,000 in a certificate of deposit. The \$1,000 commission was disbursed to the N. C. State Treasurer.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

According to the co-counsel for the defendant, the parties reached an out of court settlement on or about March 27, 1998. The co-counsel stated “the settlement agreement is confidential, but any monies which may have been due and owing to Ricke A. Kortesis and husband, Angelos D. Kortesis, were paid in full pursuant to the terms and conditions of the settlement agreement. . .”

From May 1, 1997 to May 6, 1999, the Clerk’s office kept the \$149,000 invested in a certificate of deposit (CD). During this time, the CD earned \$17,053.76 in interest with \$1,000 being applied back to the principal. On May 6, 1999, the CD was withdrawn and the \$166,053.76 was deposited in the Clerk’s office checking account. On June 8, 1999, the Clerk’s office reclassified the \$166,053.76 from Invested Trusts to Judgements-Other. On February 7, 2000, the Clerk’s office wrote a check to Medical Park Hospital, Inc. for \$150,000. On the same day the Clerk’s office wrote a \$16,053.76 check to Angelos Kortesis.

According to the Bookkeeper, she wrote the \$150,000 check to the defendant and the \$16,053.76 check to Angelos Kortesis based on a handwritten note given to her by the Former Clerk. She said she either gave the checks to the Former Clerk or put the checks in the Former Clerk’s mailbox outside of his office.

According to Angelos Kortesis, early in 1999, the Former Clerk told Mr. Kortesis’ son that he wanted to meet with Mr. Kortesis. Later in 1999, a friend also told Mr. Kortesis that the Former Clerk wanted to meet with him. Late in January 2000, Mr. Kortesis and his wife met with the Former Clerk in Mr. Kortesis’ son’s

FINDINGS AND RECOMMENDATIONS (CONTINUED)

restaurant. Mr. Kortesis said that the Former Clerk told him that the hospital had left \$16,000 with his office and he thought the money was due to Mr. Kortesis. The Former Clerk said the he would give Mr. Kortesis the money and he should deposit the money in a bank account and place both their names on the signature card. Mr. Kortesis said the Former Clerk told him that they would need to leave the money in the account for a year and they would split the money. Mr. Kortesis said an amount was never discussed, but he presumed a percentage would go to the Former Clerk.

Mr. Kortesis said the Former Clerk gave him a \$16,053.76 check drawn on the Clerk's office checking account. Also, the Former Clerk gave him a piece of paper with his name and social security number on it. Mr. Kortesis said that he deposited the check in a savings account that was set-up in the name of Mr. Kortesis, Mrs. Kortesis and the Former Clerk.

Later, after the Former Clerk was arrested, Mr. Kortesis hired an attorney and transferred the funds to his attorney's trust account.

The \$16,053.76 in interest should have followed the principal and been returned to the defendant, and not the plaintiff. G.S. § 7A-308.1(2)(d) states..."all investment earnings in excess of the prescribed fee shall be remitted to the beneficial owner or owners when all funds in that account are finally withdrawn and distributed by the Clerk."

FINDINGS AND RECOMMENDATIONS (CONTINUED)

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the Attorney General's Office based on the nature of the finding.

3. THE FORMER CLERK ORDERED THE ISSUANCE OF A \$19,849.46 CHECK TO SOMEONE OTHER THAN THE PERSON WITH THE RIGHTFUL CLAIM. (CASE 95SP115 – TILLEY PROPERTY)

On April 19, 1979, William M. Tilley and wife, Deborah H. Tilley, purchased Lot 85 of Temora Lake Estates. On the same day, William M. Tilley and wife, Deborah H. Tilley (Mortgagors) entered into a Deed of Trust with NCNB Mortgage Corporation (Mortgagee) for \$45,950 using Lot 85 as security.

Over the next 16 years, the lot and the Deed of Trust were transferred to three different owners. Each of the new owners assumed the original note and Deed of Trust when they purchased the property.

On February 15, 1995, Glenda Rowe was notified that the Forsyth County Clerk of Superior Court would conduct a hearing in respect to the foreclosure of the real estate security interest in the Deed of Trust originally executed by William M. Tilley and Deborah H. Tilley dated April 19, 1979, in the principal amount of \$45,950.

On March 20, 1995, the Assistant Clerk of Superior Court of Forsyth County issued an Order Permitting Foreclosure upon a motion for hearing of the substitute trustee.

On April 11, 1995, the Substitute Trustee offered Lot 85 of Temora Lake Estates for sale at public auction. The following persons and companies bid on the property until

FINDINGS AND RECOMMENDATIONS (CONTINUED)

May 1, 1995, when Greer-Madren Homes submitted the highest bid of \$65,100.

Date	Name of Bidder	Bid Amount
April 11, 1995	Freedom Properties, Inc.	\$ 53,500.00
April 13, 1995	Greer-Madren Homes	\$ 56,175.00
April 17, 1995	Sam Ogburn, Jr.	\$ 58,983.75
April 21, 1995	Dan Walters	\$ 62,000.00
May 1, 1995	Greer-Madren Homes	\$ 65,100.00

On the Final Report and Account of Foreclosure Sale dated June 5, 1995, Greer-Madren Homes was identified as purchaser for \$65,100 (Exhibit 3). Of the \$65,100 in sale proceeds, \$46,543.07 was disbursed to satisfy the secured obligation, \$1,239.80 in various costs, commissions and taxes, and \$17,317.13 in Surplus Sale Proceeds paid to the Clerk's office.

On June 8, 1995, the \$17,317.13 was deposited in the Clerk's office checking account. On January 29, 1996, a \$865.86 commission fee was assessed and transferred to the N.C. State Treasurer and the remaining \$16,451.27 was invested in the Clerk's Office Pooled Investment Account. From January 29, 1996 through December 8, 1999, the Surplus Sale Proceeds earned \$3,398.19 in interest. On December 8, 1999, the \$19,849.46 (\$16,451.27 + \$3,398.19) was transferred from the Clerk's Office Pooled Investment Account to the Clerk's Office Escheat Account. Before the \$19,849.46 was escheated to the State Treasurer, it was disbursed to Paul Greer on March 3, 2000.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

According to the Bookkeeper, she was given an order signed by the Former Clerk saying to disburse \$19,849.46 to Paul Greer (Exhibit 4).

Paul Greer gave us the following written statement concerning the events surrounding the \$19,849.46 check being written to him.

While working in Myrtle Beach, S.C., my wife called to tell me that Gary Thomas needed to talk to me. I called Gary at home that evening, we chatted, when I told him that I was in M.B. he said when I got home to call him that he found something that could put back in my pocket \$10,000 was I interested? I said yes and I would call him when I got back.

I called Gary on a Friday or Saturday when I got back and he said he would be on up.

When Gary came in we chatted about his son in the Navy, his cars breaking down, putting a roof on his house, his need to buy his wife a new car.

I told him I would just have to loan him some money. Note: Gary had an open account at our store for sometime and has always pd [sic] some on it when he could and pd [sic] it off.

He said that would be nice (great). He asked about me doing foreclosure sales and I had not done any for some time but needed to get back into them. He said he couldn't believe I had missed something, that my name was on some papers on his desk involving a sale and that I had missed something. [He asked if] I did buy a house and was the owner of a house on Bundaberg Lane? I said yes that was purchased through the partnership. He said that didn't matter as long as I was an owner I was able to get something back. Did I know about surplus funds? I said I know a little – estates, wills money not settled would go to the state.

He said their [sic] was surplus funds left over on Bundaberg that I was entitled to if I wanted it. I said sure that would have saved money when purchased, what did I need to do, get Dwight to handle it. He said you petition the court and it will be reviewed and I'll do it for you as a friend and as you want the funds back it goes through me any way and it will be approved. I asked if he could do that without any problems or conflict and he said yes and he would start on it soon.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

He said that what he wanted was for me to help him out that as I would have never know [sic] about the funds if he hadn't told me that he wanted half in cash so their [sic] would be no paper trail.

Gary called on 3-3 that he had something for me, he was going to Rural Hall, what bank did I bank at it in Rural Hall. He would meet me their [sic]. I told him LSB; we meet there that afternoon. He took the check out of the envelope, said this is what I want, deposit \$15,000 into your account, bring me the balance, \$4,849.46, and when you get some more call me and I will come and get it but don't drag it out.

I deposited the check minus the \$4,849.46, which I gave to Gary.

Sometime the next wk [sic] I had a thousand dollars, called Gary, he came and picked it up.

After working on Friday, I came to the store and was working in the shop when Gary called. I asked how he was, he said not well. I asked what was wrong, he said have you not seen the news? I said no. He said can I come see you. I said sure. (I thought something might have happened to his wife or son, I just didn't know).

He came in, looked bad, sat down and told me about borrowing money from a magistrate, being arrested, etc. That he was just borrowing money from him as he was borrowing from me to buy his wife a car, he didn't buy a car, couldn't pay me back the money, still need to check part on pool. I told him I understood, not to worry about the pool, I would take care of it.

He called Saturday, could I come look at the pool. I went to the pool, he pointed out the cracked lid, I told him not to worry about it. I had been notified by the company about the lids. I would take care of it, he needed to worry about other things. He said I can't pay back that loan. Pray for me.

In accordance with G. S. § 45-21.32, the Former Clerk should have conducted a Special Proceeding to determine ownership of the surplus funds. We found no evidence of a Special Proceeding other than an order to disburse funds to Paul Greer.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the Attorney General's Office based on the nature of the finding.

4. THE FORMER CLERK DIRECTED THE ISSUANCE OF TWO \$9,835 CHECKS TO PERSONS OTHER THAN THE PERSON WITH THE RIGHTFUL CLAIM. (CASE 97CV3652 - CITY OF WINSTON-SALEM VS. C. W. MYERS TRADING POST, INC. AND SALVAGE BUILDING MATERIALS, INC.)

On May 29, 1997, the City of Winston-Salem initiated a civil action against C. W. Myers Trading Post, Inc. and Salvage Building Materials, Inc., to acquire by condemnation a fee simple interest and temporary construction easement in property owned by C. W. Myers Trading Post, Inc. and leased by Salvage Building Materials, Inc. On the same day the City of Winston-Salem deposited \$19,670.00 with the Forsyth County Clerk of Superior Court, the amount estimated by the City to be just compensation for taking the property of C. W. Myers Trading Post, Inc. The defendants (C. W. Myers Trading Post, Inc. and Salvage Building Materials, Inc.) had 12 months to file an answer or other pleading or file for an extension of time to answer or plead. Since the defendants entered no filings, the court issued a Final Judgement on July 27, 1998, granting the condemnations for \$19,670.

On September 22, 1999, the Clerk's office wrote a check for \$19,670.00 to C. W. Myers Trading Post, Inc. On November 3, 1999, the check was voided (Exhibit 5) and a \$9,835.00 check was written to Steve and Linda Myers (Exhibit 6). On

FINDINGS AND RECOMMENDATIONS (CONTINUED)

January 5, 2000, a second check was written to Steve and Linda Myers for \$9,835.00 (Exhibit 7). Both checks were endorsed by Steve Myers and Linda Myers.

Upon recognizing that the original check written to C. W. Myers Trading Post, Inc. for \$19,670 was voided, and two separate checks were written to the individuals and not the corporation, we examined the transactions. We contacted Linda Myers and questioned her about the transactions. We later were contacted by an attorney representing Mr. and Mrs. Myers, who requested to meet with us. At the meeting, Mrs. Myers explained the transactions as she remembered them. She later gave us the following written statement:

STATEMENT OF LINDA MYERS

I am Linda Myers. I am married to Steve Myers, one of the owners of C.W. Myers Trading Post, Inc. I am preparing this statement as a supplement to a verbal statement I gave to the North Carolina State Auditor's Office and specifically auditor Dale Place.

Gary Thomas is an acquaintance of mine for several years. We have seen him at the office on an irregular basis and I have known him since he was a deputy. Gary called me in October of 1999 at the office. He told me that he needed to borrow \$10,000.00. He did not tell me why and I did not ask. I told Gary I did not have \$10,000.00. Gary told me that there was a check in the clerk's office that had been there some time for a condemnation. The check was made out to C.W. Myers Trading Post, Inc. for \$19,670.00. He said I could cash that check

FINDINGS AND RECOMMENDATIONS (CONTINUED)

and make a loan from that money. I told him I felt uncomfortable with that. Gary said that I should find out about that condemned property and if I knew what piece of property it was. I was not able to find out about the piece of property. A couple of days passed and Gary called again. He expressed his desire to borrow the ten thousand dollars. I told him I could not give him \$10,000.00. Gary said he could void the currently issued check for \$19,670.00 since it was outdated anyway and split it into two smaller checks. He could borrow \$5,000.00 from each of those checks. Gary sounded as though he really needed the money. He said he would issue the two checks and that I could cash one now and wait and cash a second one later.

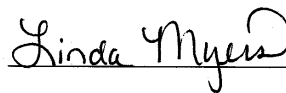
In early November of 1999 Gary called the house. My daughter answered the telephone. I spoke with Gary and he said he had the check and needed to have it cashed today. I told him I had to go to the office. Gary said "I will meet you and bring you the check." . . . I met Gary at the Walkertown Park and gave him the \$5,000.00. He gave me a check made out to Steve and me for \$9,835.00. I did not cash the check that day. I cashed it some time later. I signed my name and Steve's name to the back of the check and cashed it. I routinely sign Steve's name to checks, with his permission. I took the cash from the check, the entire \$9,835.00, and wrote "condemnation, need block and lot" on an envelope and put the money in the envelope and the envelope in the company safe. I did not talk to Gary about the loan again. He came by the office on December 23 so that we could give him a ham for Christmas, as we had done for years.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

In early January I heard from Gary again. He said he needed to obtain the other \$5,000.00. He said he would call at home and meet me at the same place when he got the check ready. He called me at home. I told him I would get the cash. . . . I gave him directions on finding the house and Gary came to the house. I handed him the \$5,000.00 and he gave me the check. I put the check in my bank bag. I did not cash the check for approximately one month. Steve and I traveled on business to Augusta and then Jackson, Mississippi. When we returned from the trip to Jackson, I took the check to the bank and cashed it. I put the cash with the other condemnation money in the same envelope in the company safe.

I never heard from Gary until after he was arrested. Gary called the office and talked with me. He said that things were very tough for him and asked for my prayers. He never mentioned the money. He called again later that day, spoke to several people in the office and then spoke to me and said "Don't breathe a word about this money. Don't tell anyone because they're checking on me." I asked him what I was supposed to say and he said "Just tell them anything. Just don't tell them about the money." That upset me very much.

I viewed the money at all times to be a loan to Gary. Whether as a deputy or as the clerk, he has always been a man whose word was good, so I could trust him to loan him the money.

A handwritten signature in cursive script that reads "Linda Myers". The signature is written in dark ink and is positioned above a horizontal line.

Linda Myers

FINDINGS AND RECOMMENDATIONS (CONTINUED)

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the Attorney General's Office based on the nature of the finding.

5. THE FORMER CLERK OF SUPERIOR COURT CASHED A CHECK THAT WAS PAYABLE TO A PLAINTIFF. (CASE 89CVM4751 – LIBERTY TIRE AND AUTOMOTIVE SERVICES, INC. VS. WILLIAM KELLUM)

On April 14, 1989, a judgement was entered in favor of Liberty Tire and Automotive Services, Inc. in the amount of \$590.20 plus interest on the principal sum at the legal rate of (8%) from the date of the judgement. On May 18, 1998, the Clerk's office received \$1,061.67 to satisfy the judgement. The funds were posted in the Judgements-Other Account. On September 24, 1999, the \$1,061.67 was transferred from the Judgements-Other Account to the Escheats Account. On December 1, 1999, the Clerk's office issued a check for \$1,061.67 payable to Liberty Street Automotive (Exhibit 8). It should be noted that John F. Gordan, the owner of Liberty Tire and Automotive Services, Inc. died on May 15, 1993, and the company is no longer in business. The only information on the cancelled check in the endorsement space was a bank account number.

We contacted the bank and determined the check was deposited in a bank account belonging to Dick Kelly Truck Sales. We contacted Dick Kelly who said that he cashed the check for the Former Clerk on or about December 13, 1999.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

The Judgement Docket was never signed by the Plaintiff or the appropriate representative acknowledging receipt of the funds and full satisfaction of the judgement.

The Bookkeeper said the Former Clerk gave her a handwritten note telling her to prepare the check for \$1,061.67 payable to Liberty Street Automotive. The Bookkeeper said she gave the printed check to the Former Clerk.

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the Attorney General's Office for review.

6. THE FORMER CLERK OF SUPERIOR COURT CASHED A \$496.46 CHECK THAT WAS PAYABLE TO A PLAINTIFF. (CASE 88CVM18104 - GETZ JEWELERS VS. DOROTHY HUNTER)

On January 25, 1989, a judgement was rendered in favor of Getz Jewelers in the amount of \$270.49 plus interest at the legal rate (8%) from the date the action was instituted until the judgement was satisfied. In addition, the defendant was ordered to pay court cost. On July 23, 1998, the judgement was satisfied with the payment of \$496.46 to the Clerk's office as noted in the Judgement Docket (Book 182, page 169). The funds were receipted into the Clerk's Office Judgements-Other account. On September 24, 1999, the \$496.46 was transferred from the Judgements-Other account to the Escheats account. On December 1, 1999, the Bookkeeper prepared a check for \$496.46 payable to George Getz (owner of Getz Jewelry). According to the Bookkeeper, she prepared the check based on a handwritten note from the Former

FINDINGS AND RECOMMENDATIONS (CONTINUED)

Clerk. She said she gave the check to the Former Clerk after the check was printed. The Former Clerk cashed the check at a local bank on December 17, 1999, according to the bank teller who processed the transaction (Exhibit 9).

The bank teller said that she had known the Former Clerk for years. She said that her neighbor had filed charges against her for a noise ordinance violation because her dog barked. The teller said she subsequently got rid of the dog, so she called the Former Clerk and related the situation to him. She said he called her back and said she did not need to come to court because the charges had been dismissed. She said the Former Clerk then asked her if she could cash a check for Mr. Getz because he was incapacitated and could not get to the bank. She said the Former Clerk presented the check to her at the bank around 2:00 p.m. on December 17, 1999. She said that she did not see him endorse the check. She said she cashed the check thinking the money was for Mr. Getz.

We determined that Mr. Getz died on November 1, 1999 (47 days before the check was cashed), in Tucson, Arizona. He is survived by his wife who still lives in Tucson. The attorney handling Mr. Getz' estate said that neither the estate nor Mrs. Getz received the cash.

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the Attorney General's Office for review.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

7. THE FORMER CLERK COLLECTED CASH OUTSIDE OF THE OFFICE AND THE CASH HAS NOT BEEN DEPOSITED.

During our review of voluntary dismissals of speeding tickets we contacted Ms. Vicki Swicegood, who had been ticketed and subsequently the ticket was voluntarily dismissed. We asked Ms. Swicegood what happened with the case. She said she had received a speeding ticket, and she mailed a personal check and wavier to the Forsyth County Clerk of Superior Court's office. The check and waiver were returned to her because the Clerk's office did not accept personal checks. Ms. Swicegood said she was introduced to the Former Clerk on February 21, 2000 at her part-time job. She said that she told him that her check and ticket had been returned by his office. She said he looked at the ticket and told her to give him \$96 in cash and the ticket and he would take care of it. She said she cashed a check with her employer and gave the Former Clerk \$96.

As of March 24, 2000, the \$96 was never deposited with the Clerk's office. After the Former Clerk was arrested, Ms. Swicegood received a notice that she was to come to Court. She reported to Infractions Court and explained the situation to a representative of the District Attorney's Office and received a voluntary dismissal.

The Former Clerk collected \$96 cash for a traffic ticket from an individual outside the normal receipting process. We found no evidence that the Former Clerk issued the individual a receipt. The ticket reflected the total cost should be \$111 if the defendant waived her rights and pled guilty; \$25 Fine/Penalty; plus \$86 Court costs. As of March 24, 2000, the \$96 had not been deposited with the Clerk's office.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

RECOMMENDATION

In lieu of a recommendation, we have referred this information to the Attorney General's Office for review.

8. WEAKNESS NOTED IN CASH RECEIPTING.

We began our Special Review by performing a cash count on all undeposited money on hand as well as change funds at the Forsyth County Clerk of Superior Court Offices. We noted the following control weaknesses during our cash counts:

1. The cashiers did not use locked bank bags. Each cashier had a bank bag with his or her name on it. The bags are only secured by a zipper. At the end of each day, each cashier put the collections in his/her bank bag and placed it in the vault. Since the bags are not locked, anyone having access to the vault has access to the money.
2. Money collected by the Head Cashier from the Magistrates was in the vault, without having been entered into the Financial Management System (FMS). The Head Cashier had issued a manual receipt to the Magistrates, but had not recorded the receipts in the FMS.
3. While scanning the Magistrates' Receipts Log, we noted that Magistrate Stanley Mitchell was consistently late depositing his receipts and money with the Head Cashier.

RECOMMENDATION

We recommend the Cashiers be provided with locking bank bags or tills when storing money in a common vault. We recommend the Head Cashier record all receipts in the Financial Management System and deposit same in accordance with the Daily Deposit Act. Also, we recommend all magistrates complete an Off-Site Daily Cash Report

FINDINGS AND RECOMMENDATIONS (CONTINUED)

(form AOC-A102) and submit it to the Head Cashier along with the receipts in a timely manner.

9. THE CLERK'S OFFICE DID NOT COMPLY WITH OPERATING PROCEDURES.

All of the thirteen cases identified on the handwritten notes (see Introduction), had checks written against them without the proper authorization forms being prepared. According to the Administrative Office of the Courts policies concerning accounts payable, "...A *Payment Authorization* form should be submitted by the individual or department requesting a payment. Upon completion of the Payment Authorization by bookkeeping, the voucher is entered and payment is generated." We found no evidence that a Payment Authorization form was prepared for each disbursement. On eleven of the thirteen case files identified, we found that an entry had been recorded on the Judgement Docket acknowledging receipt of the full payment of the judgement to the Clerk's office, but no entry was recorded in the Judgement Docket acknowledging that the money had been disbursed, thereby satisfying the judgement. General Statute § 1-239(a)(3) requires "...When the full amount of a judgement has been so paid, the Clerk shall include the words "JUDGEMENT PAID IN FULL" in the notice..." In addition, 1-239(a)(5) requires "When a judgement has been paid in full and the party whose favor the judgement was rendered has collected all payments made to the Clerk, or when ten days have passed since notice of payment was sent

FINDINGS AND RECOMMENDATIONS (CONCLUDED)

pursuant to subsection (b) and the party has neither collected all payments made to the Clerk nor notified the Clerk that the party disputes payment of the full amount of the judgement, then the Clerk shall immediately: a. Mark “PAID AND SATISFIED IN FULL” on the judgement docket...” This was not done in eleven of the thirteen cases examined.

RECOMMENDATION

We recommend the Clerk’s office always use the appropriate payment authorization forms. In addition, we recommend the Clerk’s office comply with G. S. § 1-239(a) by properly marking the judgement docket as described above.

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Statement of Financial Impact

The following schedule represents a quantification of the items examined during our special review. We cannot completely quantify the tangible benefits or detriment, if any, to the taxpayer resulting from the findings of our review. We are simply noting areas where the system of internal controls was either circumvented or should be enhanced, or where, in our judgment, questionable activities or practices occurred.

1. Case 92SP722 – Lynch Property	\$ 23,482.62
2. Case 94CVS8893 – Ricke A. Kortesis and Angelos D. Kortesis vs. Medical Park Hospital, Inc.	16,053.76
3. Case 95SP115 – Tilley Property	19,849.46
4. Case 97CV3625 – City of Winston-Salem vs. C.W. Myers Trading Post Inc., and Salvage Building Materials, Inc.	19,670.00
5. Case 89CVM4751 – Liberty Tire and Automotive Services, Inc. vs. William Kellum.	1,061.67
6. Case 88CV18104 – Getz Jewelers vs. Dorothy Hunter.	496.46
7. Cash collected by Gary Thomas outside the normal receipting process that was never deposited.	<u>96.00</u>
	<u>\$ 80,709.97</u>

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Exhibit 1

STATE OF NORTH CAROLINA

FORSYTH County

File No. 92 SP 722
Film No.

In the General Court of Justice
Superior Court Division
Before the Clerk

Mortgagors-Grantors
LESTER M. LYNCH (WIDOWER)

Mortgagee-Trustee
GEORGE S. THOMAS, TRUSTEE

Deed of Trust-Book and Page No.
Book 1684, Page 2797

Owners of record if not original mortgagors

FILED: JAN 9 1993
JAN 6 1993
FEE \$128.10

FINAL REPORT AND ACCOUNT
OF
FORECLOSURE SALE

G.S. 45-21.33.31

All of the property referred to in the Mortgage or Deed of Trust indicated above was sold as a whole and the entire amount of the secured obligation was satisfied.

If facts are otherwise, explain:

Name of Purchaser A. STANLEY MITCHELL and wife, CAROL-G. MITCHELL and FRANCES D. CAMPBELL

DATE	ITEM	DISBURSEMENTS	RECEIPTS
11/12/92	Proceeds of Sale		42,700.00
	Court costs Clerk \$25.00; Audit \$128.10	153.10	
	Cost for publication of notice of sale	192.24	
	Commissions	2,135.00	
	Auctioneer's fee		
	Real property taxes		
	Documentary stamps	86.00	
	Secured obligations		
	Payments to persons entitled thereto NationsBanc Financial Services Corporation	19,651.11	
	Sheriff	20.00	
	Surplus sale proceeds paid to CSC	20,462.55	
TOTALS		42,700.00	42,700.00

List reason paid to CSC

I hereby certify that the above is a true and complete account of my receipts and disbursements and that notices of hearing, sale and resale were served upon all parties entitled to such notice by statute.

1 and Approved JAN 27 1993

Signature: *Marlene Johns*

Assistant CSC ☒ Clerk of Superior Court ☐

Date of Report
January 6, 1993

Name of Mortgagee-Trustee, Attorney-Agent
George S. Thomas, Trustee

Signature of Mortgagee-Trustee, Attorney-Agent

DC-SP-402
11-87

Exhibit 2

NORTH CAROLINA)
)
FORSYTH COUNTY)

 IN THE GENERAL COURT OF JUSTICE
 DISTRICT COURT DIVISION
 92 SP 722

IN THE MATTER OF THE FORECLOSURE: **ORDER**
 SURPLUS FUNDS

THIS MATTER COMING ON TO BE HEARD and being heard before the Clerk of Superior Court of Forsyth County, North Carolina on petition by Mr. Stanley Mitchell, purchaser at foreclosure under the Deed of Trust recorded in Book 1684, page 2792 of the Forsyth County Registry.

It appearing to the Court that on November 12, 1992, Mr. Mitchell was the purchaser of the property at foreclosure designated above by book and page with the Forsyth County Registry.

It also appears that Mr. Mitchell has applied to the Clerk of Superior Court as allowed by N.C.G.S. §45-21.32 to claim all of the surplus monies from the aforementioned foreclosure sale.

It also appears to this Court that no other persons or parties have made any notice to this Court for claims under this foreclosure.

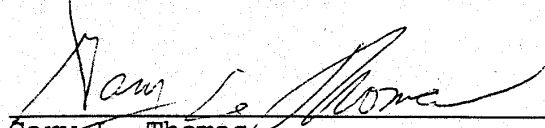
NOW, THEREFORE, pursuant to said findings of fact the Court makes the following conclusion of law: that the entitlement to the surplus is as follows:

Mr. Stanley Mitchell \$23, 482.62

NOW THEREFORE, pursuant to the said conclusion of law, it is ordered that the surplus be paid as follows:

\$23,482.62 to Mr. Stanley Mitchell at 4440 Gatlin Knoll, Clemmons, NC 27012.

This the 21st day of March, 2000.



Gary L. Thomas
Clerk of Superior Court

Exhibit 3

STATE OF NORTH CAROLINA		File No. 95 SP 115	
FORSYTH COUNTY		In the General Court of Justice Superior Court Division Before the Clerk	
MORTGAGORS-GRANTORS WILLIAM M. TILLEY AND DEBORAH H. TILLEY		<div style="border: 1px solid black; padding: 5px;"> FILED: JUN 8 1995 <i>Thomas J. Brown</i> Deputy Clerk of Superior Court Fee \$195.30 JUN 8 1995 Paid </div>	
MORTGAGEE-TRUSTEE ELIZABETH B. ELLS (Substitute Trustee)		FINAL REPORT AND ACCOUNT OF FORECLOSURE SALE	
DEED OF TRUST - BOOK 1268 / PAGE 1578			
OWNERS OF RECORD, IF NOT ORIGINAL MORTGAGORS GLENDA ROWE			
All of the property referred to in the Mortgage or Deed of Trust indicated above was sold as a whole and the entire amount of secured obligation was satisfied.			
IF FACTS ARE OTHERWISE, EXPLAIN:			
NAME OF PURCHASER GREER-MADREN HOMES 1857-2452 ✓			
DATE	ITEM	DISBURSEMENTS	RECEIPTS
4/11/95	PROCEEDS OF SALE		\$65,100.00 ✓
2/15/95	COURT COSTS (Clerk & Sheriff)	30.00 ✓	
4/7/95	COST FOR PUBLICATION OF NOTICE OF SALE	223.50 ✓	
6/5/95	COMMISSIONS (Trustee Fee Plus Costs)	651.00 ✓	
	AUCTIONEER'S FEE None		
5/15/95	REAL PROPERTY TAXES Register of Deeds/Recording	8.00 ✓	
5/15/95	DOCUMENTARY STAMPS	132.00 ✓	
6/5/95	SECURED OBLIGATIONS	\$46,543.07 ✓	
	PAYMENTS TO PERSON ENTITLED THERETO		
	PRELIMINARY TITLE OPINION		
6/5/95	FINAL ASSESSMENT	195.30 ✓	
6/5/95	SURPLUS SALE PROCEEDS PAID TO CSC	17,317.13 ✓	
TOTALS		\$65,100.00 ✓	\$65,100.00 ✓
LIST REASON PAID TO CSC			
I hereby certify that the above is a true and complete account of my receipts and disbursements and that notices of hearing, sale and resale were served upon all parties entitled to such notice by statute.			
DATE AUDITED AND APPROVED JUN 13 1995		DATE OF REPORT 6/5/95	
SIGNATURE <i>Marlene Johnson</i>		NAME OF MORTGAGEE-TRUSTEE, ATTORNEY-AGENT ELIZABETH B. ELLS (Substitute Trustee)	
✓ Assistant CSC Clerk of Superior Court		Signature <i>Elizabeth B. Ells</i>	

NORTH CAROLINA)

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
95 SP 115

FORSYTH COUNTY)

ORDER

IN THE MATTER OF THE FORECLOSURE:
SURPLUS FUNDS

THIS MATTER COMING ON TO BE HEARD and being heard before the **Clerk of Superior Court** of Forsyth County, North Carolina on petition by Mr. Paul Greer, purchaser at foreclosure under the Deed of Trust recorded in Book 1696, page 2398 of the Forsyth County Registry.

It appearing to the court that on June 13, 1995 Mr. Paul Greer was the purchaser of the property at foreclosure designated above by book and page with the Forsyth County Registry.


It also appears that Mr. Greer has applied to the **Clerk of Superior Court** as allowed by N.C.G.S. -45-21.32. to claim all of the surplus monies from the aforementioned foreclosure sale.

It also appears to this court that no other persons or parties have made any notice to this court for claims under this foreclosure.

NOW , THEREFORE, Pursuant to said findings of fact the Court makes the following conclusion of law : that the entitlement to the surplus is as follows:
Mr. Paul Greer \$ 19,849.46.

NOW, THEREFORE, pursuant to the said conclusion of law, it is **ordered** that the surplus be paid as follows:
\$ 19,849.46 to Mr. Paul Greer, 1400 Bethania-Rural Hall Road, Winston-Salem, North Carolina 27106.

This the 3 day of March, 00.



Gary L. Thomas, Clerk of Superior Court

Exhibit 5

CLERK OF SUPERIOR COURT FORSYTH COUNTY, WINSTON-SALEM, NC.

CHECK# 00155785
ACCOUNT 26130-97CV 003652
DISB FUNDS

CHECK DATE: 09/22 /

DESCRIPTION ADDITIONAL IDENTIFICATION AMOUNT
CONDEMNATIONS C.W. MYERS TRADING POST 19,670.00

CHECK TOTAL 19,670.00

NC JUDICIAL DEPARTMENT

GARY L. THOMAS

CLERK OF SUPERIOR COURT

FORSYTH COUNTY
WINSTON-SALEM, NC.

The security features on this document include a flag and repeat background. Micro print repeating the last number of the check and a full-length watermark of the check number are also visible.

WACHOVIA BANK OF NORTH CAROLINA, N.A. 66-48
WINSTON-SALEM, NC. 831

VOID AFTER 90 DAYS FROM DATE HEREON.

CHECK DATE 09/22/99 CHECK NO. 00155785 CHECK AMOUNT *****19,670.00

NINETEEN THOUSAND SIX HUNDRED SEVENTY AND 00/100 DOLLARS *****

ORDER OF C.W. MYERS TRADING POST, INC.
2718 SUN LIBERTY ST
WINSTON-SALEM, NC 27105

[Signature]

⑈00155785⑈ ⑆053100494⑆018738 031285⑈

00381 77491

NOV 19 99

9531-0162-64 11/19/99
420 BRUSHY MTN RD
WILKESBORO NC 28697
707 755 4492

10530-001834
 11221999
 WACHOVIA BANK, N.A. CUC
 CHARLOTTE, NC PKT=007
 2000101453

GARY L. THOMAS CLERK OF SUPERIOR COURT FORSYTH COUNTY WINSTON-SALEM, N.C.		WACHOVIA BANK OF NORTH CAROLINA, N.A. WINSTON-SALEM, N.C. 66-49 531 VOID AFTER 60 DAYS FROM DATE HEREON.	
The security features on this document include a watermark, a microprint, a high resolution image, and a security thread. To verify the authenticity of this document, please refer to the back of the document for more information.		CHECK DATE 01/05/00	CHECK NO. 0016093B
CHECK AMOUNT *****9,135.00***** NINE THOUSAND EIGHT HUNDRED THIRTY FIVE AND 00/100 DOLLARS		CHECK AMOUNT *****9,135.00*****	
PAY TO ORDER OF STEVE AND LINDA MYERS FURN. #131		FEB 03 2000 WINSTON-SALEM	
"0016093B" "053100191101873B 0312861"		"0000983500"	

Steve Myers
Linda Myers

0088 52296

FEB -3 00

10531-0162-64 04-32000
 420 BRUSHY MTN RD
 HILLSBORO NC 28647
 7670977

0530-00103 02045002
 WACHOVIA BANK, N.A. COC
 CHARLOTTE, NC 6079-007
 1600520002

GARY L. THOMAS
CLERK OF SUPERIOR COURT
 FORSYTH COUNTY
 WINSTON-SALEM, N.C.

WACHOVIA BANK OF NORTH CAROLINA, N.A.
 WINSTON-SALEM, N.C.

VOID AFTER 60 DAYS FROM DATE HEREON.

CHECK NO. 00159232
 CHECK DATE 12/01/99
 CHECK AMOUNT *****1,061.67

PAY TO ORDER OF
 LIBERTY STREET AUTOMOTIVE
 3305 N. LIBERTY STREET
 WINSTON-SALEM
 NC 27105

ONE THOUSAND SIXTY ONE AND 67/100 DOLLARS

SIGNATURE OF SIGNER: *Gary L. Thomas*

MICR LINE: ⑈00159232⑈ ⑈053100494⑈018738 031286⑈ ⑈0000106167⑈

Deposit only

004851443591 3359 83913

DEC 13 99

6538-60183 12141999
 WACHOVIA BANK, N.A. CTC
 CHARLOTTE, NC PKT-607
 1700744161

2531-7177-3
Piedmont Federal
Savings and Loan
DEC 17 1993
T 53 Thruwa Office
Winston-Salem, NC USA
910/770-1996

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DISTRIBUTION OF AUDIT REPORT

In accordance with G.S. §147-64.5 and G.S. §147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

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The Honorable James B. Hunt, Jr.	Governor of North Carolina
The Honorable Dennis A. Wicker	Lieutenant Governor of North Carolina
The Honorable Harlan E. Boyles	State Treasurer
The Honorable Michael F. Easley	Attorney General
Mr. Bryan Beatty	Director, State Bureau of Investigation
Mr. Marvin K. Dorman, Jr.	State Budget Officer
Mr. Edward Renfrow	State Controller

JUDICIAL BRANCH

The Honorable Thomas W. Ross	Director, Administrative Office of the Courts
The Honorable Terry L. Holbrook	Forsyth County Clerk of Superior Court

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Senator Allen H. Wellons	Representative Thomas E. Wright

Other Legislative Officials

Representative Phillip A. Baddour, Jr.	Majority Leader of the N.C. House of Representatives
Representative N. Leo Daughtry	Minority Leader of the N.C. House of Representatives
Mr. James D. Johnson	Director, Fiscal Research Division

September 11, 2000

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