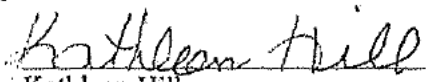


AFFIDAVIT

COMES NOW Kathleen Hill, after being duly deposed and sworn, does hereby state under oath as follows:

1. I have power of attorney for Patricia A. Hill, who is a resident of Victory, Vermont.
Patricia is my sister in law.
2. Patricia has been staying at St. Johnsbury Health and Rehabilitation from December 21, 2016 to approximately April 2017, because of an extended illness.
3. Approximately one month before town meeting, I had asked Carol Easter to mail Pat's absentee ballot to me so that I could bring it to her at St. Johnsbury Health and Rehabilitation.
4. Carol did not send me the ballot.
5. On the Thursday before the election, I was visiting Pat and she told me that Carol brought her the absentee ballot. Pat told me that Carol was alone. Pat said she voted and gave the ballot back to Carol.

Dated at St. Johnsbury, Vermont this 10 day of March 2017.


Kathleen Hill

**STATE OF VERMONT
CALEDONIA COUNTY, SS.**

At St. Johnsbury, Vermont this 10 day of March, 2017 personally appeared Kathleen Hill, and, upon oath duly administered, declared the foregoing statements by her to be on the affiant's own knowledge, information, or belief, and, so far as upon information and belief, the affiant believes the statements to be true.

Before me,


Notary Public



March 7, 2017

Annual Town Meeting

Results

Town Moderator

Will Staats--- 71, Tim Hart--- 2

Town Clerk

Carol Easter---39, Tracey Martel---36

Treasurer

Carol Easter---38, Tracey Martel---37

Select Board

Skip Easter---38, Otis McKinstry---38

Lister- 3 years

Angel Clerici-Mendel---40

Constable

Steve Brown---27, Tim Hart---17

Town Agent

Richard Anderson---14, Tim Hart---11

Grand Juror

Howard Lynaugh---20, Tim Hart---7

Trustee of Public Funds

Steve Brown---14, Tim Hart---5

Article 3: Budget \$165,000.00

YES---35, NO---40

Article 4: Borrow Money

YES---41, NO---34

Article 5: Collect taxes in two payments.

YES---75, NO---5

Article 6: Use PIOLT to reduce taxes.

YES---68, NO---6

Article 7: Split PIOLT money 75% and 25%.

YES---29, NO---44

Article 8: Pay off the grader.

YES---37, NO---37

Article 9: Appropriations

YES---36, NO 6

Article 10: Conflict of interest.

Yes---39, NO---33

Article 11: No longer have Listers.

YES---32, NO---41

U-1



March 7, 2017

Annual School District Meeting

Article 1: Moderator

Will Staats---57, Tim Hart---3

Article 2: School Director three years.

Sandra Hudson---41

Yvette Harrison---20

Article 3: Reserve Account.

YES---65, NO---9

Article 4: Approve \$285,796 for the fiscal year.

YES---45, NO---28

STATE OF VERMONT

SUPERIOR COURT
Essex Unit

CIVIL DIVISION
Docket No. 10-3-17-ExcV

TRACEY MARTEL, Plaintiff)
)
vs.)
)
TOWN OF VICTORY, VERMONT)
CAROL EASTER)
DAWN PETERS)
JAN STANLEY)
SANDY HUDSON)
LIONEL ("SKIP") EASTER)
VICTORY BOARD OF CIVIL)
AUTHORITY)
WAYNE MOODIE)
KRYSTAL GRAY)
ROBERT FLANIGAN JR.)
TONI FLANIGAN)
ROBERT FLANIGAN III)
BRENDAN FLANIGAN)
LAURY SALIGMAN)
JOHN MCGILL)
ISAIAH PRESTON)
ANGELO SPERA)

MOTION FOR TEMPORARY RESTRAINING ORDER

COMES NOW Plaintiff, by and through her attorney, Deborah T. Bucknam,
Esq. of Bucknam & Black, PC, and hereby moves this Honorable Court to issue a
Temporary Restraining Order, pursuant to VRCP 65 (a) for the following reasons:

1. VRCP 65 (a) provides as follows:

"(a) Temporary Restraining Order; Notice; Hearing; Duration. A temporary
restraining order may be granted without written or oral notice to the adverse
party or that party's attorney only if it clearly appears from specific facts shown
by affidavit or by the verified complaint that immediate and irreparable injury,
loss, or damage will result to the applicant before the adverse party or that

Bucknam & Black
1097 Main Street
PO Box 310
St. Johnsbury, VT
05819

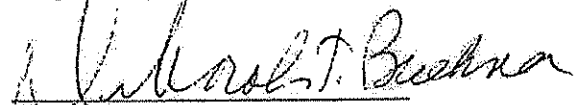
party's attorney can be heard in opposition. The verification of such affidavit or verified complaint shall be upon the affiant's own knowledge, information or belief; and, so far as upon information and belief, shall state that the affiant believes this information to be true. Every temporary restraining order granted without notice shall be endorsed with the date and hour of issuance; shall define the injury and state why it is irreparable and why the order was granted without notice; and shall expire by its terms within such time after entry, not to exceed 10 days, as the court fixes, unless within the time so fixed the order, for good cause shown, is extended for a like period. An order so extended may be further extended to the earliest available hearing date upon a showing by the plaintiff that the plaintiff has not, with due diligence, been able to obtain a hearing within the period. The court at the hearing may extend the order for a further period not to exceed 10 days, if necessary for the hearing and determination of the motion. No other extensions shall be allowed unless the party against whom the order is directed consents that it may be extended for a longer period. The reasons for the extension shall be entered of record. In case a temporary restraining order is granted without notice, the motion for a preliminary injunction shall be set down for hearing at the earliest possible time and takes precedence of all matters except older matters of the same character; and when the motion comes on for hearing the party who obtained the temporary restraining order shall proceed with the application for a preliminary injunction and, if the party does not do so, the court shall dissolve the temporary restraining order. On two days' notice to the party who obtained the temporary restraining order without notice or on such shorter notice to that party as the court may prescribe, the adverse party may appear and move its dissolution or modification and in that event the court shall proceed to hear and determine such motion as expeditiously as the ends of justice require."

2. The Complaint filed with this motion, and the accompanying affidavits and exhibits are incorporated herein in support of this Motion.
3. As indicated by the Complaint and its attachments, the Defendant Town of Victory will be holding an election on April 5th, 2017 to elect a member of the select board.
4. That election should not be held because of the errors in the last election, including the absentee voting of at least ten non-residents, the mishandling of absentee ballots and the failure of the Town Clerk to provide absentee ballots to voters at least twenty days in advance of the election.

5. In addition, the April 5, 2017 election is flawed because the Town Clerk has unilaterally changed her procedure and failed to notify absentee ballot voters that they must ask for a new ballot for the April 5, 2017 election, and by refusing to provide absentee ballots to at least two voters.
6. There will be immediate and irreparable injury to the voters of the Town of Victory if the April 5, 2017 election is held before the adverse party can be heard.
7. The affidavits, transcripts and other exhibits attached to the complaint, and the additional affidavit of Walter Neborsky dated March 20, 2017 is attached hereto and incorporated herein in support of this Motion.

Dated at St. Johnsbury, Vermont this 20 day of March 2017

Respectfully submitted,



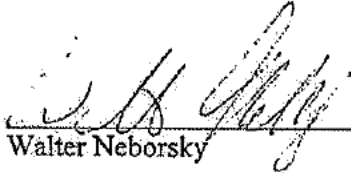
Tracey Martel, by her attorney,
Deborah T. Bucknam, Esq. ERN 1391
dbucknam@vtlegalhelp.com
802-748-5525 Ext. 101

AFFIDAVIT

COMES NOW Walter Neborsky, after being duly deposed and sworn, does hereby state under oath as follows:

1. I am signing this as a private citizen, not as a member of the Select Board of the Town of Victory.
2. I learned on March 19, 2017 that Carol Easter had not sent out absentee ballots for the April 5, 2017 run-off election.
3. I called Carol when I learned about it, and asked her when the ballots would be ready. She said "They already are."
4. I said: "How come we didn't receive any." She said "you have got to request it."
5. I said "last time you automatically sent absentee ballots for a run-off election." She said, "The laws have changed. You have to request it."
6. I said, "All right, I am requesting for my two stepsons and my wife Ruth." They had all voted by absentee ballot in the March 7, 2017 town meeting election.
7. She said "It has to requested by parent or grandparent". I said, "no, it's household"
8. She also said she had to send my stepson's absentee ballots to where they are living. I said they are living at 2364 Victory Hill Road Victory. She said, "No they are not. They are not living there." She refused to provide the ballots.
9. Carol never notified the Board of Civil Authority of the day of the election; she just posted it herself.

Dated at St. Johnsbury, Vermont this 20 day of March, 2017.


Walter Neborsky

**STATE OF VERMONT
CALEDONIA COUNTY, SS.**

At St. Johnsbury, Vermont this 20 day of March, 2017 personally appeared Walter Neborsky, and, upon oath duly administered, declared the foregoing statements by him to be on the affiant's own knowledge, information, or belief; and, so far as upon information and belief, the affiant believes the statements to be true.

Before me, 
Notary Public

STATE OF VERMONT

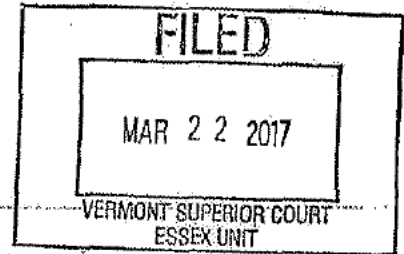
SUPERIOR COURT
Essex Unit

CIVIL DIVISION
Docket No. 10-3-17 Excv

Martel vs. Town of Victory et al

ENTRY REGARDING MOTION

Count 1, Injunctive Relief (10-3-17 Excv)
Count 2, Injunctive Relief (10-3-17 Excv)
Count 3, Injunctive Relief (10-3-17 Excv)
Count 4, Injunctive Relief (10-3-17 Excv)
Count 5, Injunctive Relief (10-3-17 Excv)
Count 6, Injunctive Relief (10-3-17 Excv)
Count 7, Injunctive Relief (10-3-17 Excv)
Count 8, Injunctive Relief (10-3-17 Excv)
Count 9, Injunctive Relief (10-3-17 Excv)
Count 10, Injunctive Relief (10-3-17 Excv)
Count 11, Injunctive Relief (10-3-17 Excv)
Count 12, Injunctive Relief (10-3-17 Excv)
Count 13, Injunctive Relief (10-3-17 Excv)
Count 14, Injunctive Relief (10-3-17 Excv)
Count 15, Injunctive Relief (10-3-17 Excv)
Count 16, Injunctive Relief (10-3-17 Excv)
Count 17, Injunctive Relief (10-3-17 Excv)
Count 18, Injunctive Relief (10-3-17 Excv)



Title: Motion for Temporary Restraining Order (Motion 1)
Filer: Tracey Martel
Attorney: Deborah T. Bucknam
Filed Date: March 21, 2017

No response filed

This matter will be set for hearing (2 hours) on Tuesday, March 28. Each side will be allowed one hour to present essential evidence on the issue of whether the requested Temporary Restraining Order as to the scheduled April 5, 2017 Victory Town election should be granted.

Electronically signed on March 22, 2017 at 03:32 PM pursuant to V.R.E.F. 7(d).

A handwritten signature in cursive script, reading "Elizabeth D. Mann". The signature is written in black ink and is positioned above a horizontal line.

Elizabeth D. Mann
Superior Court Judge

Notifications:

Deborah T. Bucknam (ERN 1391), Attorney for Plaintiff Tracey Martel

Defendant Town of Victory

Defendant Carol Easter

Defendant Dawn Peters

Defendant Jan Stanley

Defendant Sandy Hudson

Defendant Lionel Easter

Defendant Victory Board of Civil Authority

Defendant Wayne Moodie

Defendant Krystal Gray

Defendant Robert Flanigan

Defendant Toni Flanigan

Defendant Robert Flanigan

Defendant Brendan Flanigan

Defendant Laury Saligman

Defendant John McGill

Defendant Isiah Preston

Defendant Angelo Spera

Defendant Andrea Poginy

Boyce, Bonnie

From: Boyce, Bonnie
Sent: Wednesday, April 12, 2017 2:13 PM
To: [REDACTED]
Subject: Concerns of Criminal Misconduct in Victory, VT
Attachments: [REDACTED]

[REDACTED]

Attached is a letter from Evan Meenan regarding your concerns you brought to this office.

Thank you.

Bonnie

Bonnie Boyce
Legal Assistant
Criminal Division
Office of the Attorney General
109 State Street
Montpelier, VT 05609-1001
(802) 828-5512
www.ago.vermont.gov

PRIVILEGED & CONFIDENTIAL COMMUNICATION: This communication may contain information that is privileged, confidential, and exempt from disclosure under applicable law. **DO NOT** read, copy or disseminate this communication unless you are the intended addressee. If you are not the intended recipient (or have received this E-mail in error) please notify the sender immediately and destroy this E-mail.

Please consider the environment before printing this e-mail

THOMAS J. DONOVAN, JR.
ATTORNEY GENERAL

JOSHUA R. DIAMOND
DEPUTY ATTORNEY GENERAL

WILLIAM E. GRIFFIN
CHIEF ASST. ATTORNEY
GENERAL



TEL: (802) 828-3171
FAX: (802) 828-3187
TTY: (802) 828-3665

<http://www.ago.vermont.gov>

STATE OF VERMONT
OFFICE OF THE ATTORNEY GENERAL
109 STATE STREET
MONTPELIER, VT
05609-1001

April 12, 2017

VIA ELECTRONIC MAIL

Re: Concerns of Criminal Misconduct in Victory, VT.

Dear [REDACTED]:

The Attorney General's Office has reviewed the materials you provided during our February 28, 2017 meeting, as well as Det. Sgt. Petersen's report from his previous investigation into potential criminal misconduct by Victory, VT town officials. The Office takes your concerns of criminal misconduct very seriously and thanks you for bringing them to its attention. Nonetheless, the Office has concluded that the information contained in these materials and this report is insufficient to support criminal charges.

The Office focused its review on the following concerns that you raised:

1. That the forensic audit performed by Batchelder Associates, PC for the calendar years 2009-2012 indicates [REDACTED], [REDACTED], and [REDACTED] criminally mismanaged the Town's finances.
2. That [REDACTED] and [REDACTED] committed election fraud by registering to vote in Victory.
3. That the Elizabeth Brown Humane Society committed fraud by claiming to be exempt from property taxation.
4. That [REDACTED] committed property tax fraud by altering a January 19, 2002 letter from the Department of Veterans Affairs.
5. That [REDACTED] and [REDACTED] violated Vermont's Open Meetings Law by signing the July 31, 2016 letter to you outside of an open, public meeting.

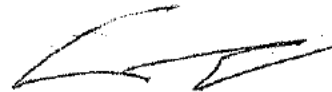
Det. Petersen's report indicates he investigated your first concern in consultation with Vince Illuzzi, the Essex County State's Attorney. The Attorney General's Office cannot conclude, based on either the information contained in this report or the information you have provided, that Det. Petersen's investigation was incomplete or insufficient in some material way. Consequently, the Office is not going to further question Det. Peterson's and Attorney Illuzzi's decision not to file criminal charges as a result of Ms. Batchelder's forensic audit.

The documents you provided during our February 28, 2017 meeting indicate that the Vermont Superior Court, Civil Division, has already determined that [REDACTED] and her two sons are residents of Victory and should be placed on the Town's voter checklist. These documents also indicate that the Civil Division has concluded the Elizabeth Brown Humane Society is exempt from property taxation pursuant to 32 V.S.A. § 3802(15). The information contained in these documents does not evidence any fatal flaw in the Civil Division's conclusions that indicate to the Attorney General's Office that it could prove in a criminal prosecution that [REDACTED], [REDACTED] and the Humane Society committed fraud. As a result, the Office is not going to pursue criminal charges related to your second and third concerns.

With respect to your last two concerns, the Attorney General's Office lacks sufficient information to conclude one way or the other that a crime has occurred. In certain circumstances, conduct concerning property taxation and Vermont's Open Meetings Law can be criminal. To determine whether any of those circumstances exist in the present matter, additional criminal investigation would be necessary. As I mentioned during our meeting, the Attorney General's Office is unable to conduct that type of investigation. Consequently, if you want to pursue your allegations further, I encourage you to contact the Vermont State Police. You may also be able to obtain additional information about property taxation and open meetings from Victory's attorney, a private attorney you retain on your own, the Vermont Department of Taxes, the Vermont League of Cities and Towns, and the Vermont Secretary of State's Office. The Vermont Bar Association has an attorney referral service you may find useful in locating your own attorney. The Secretary of State also has a Guide to Open Meetings available on its website. This guide includes information about the rights of members of the public to enforce violations of Vermont's Open Meetings Law.

In conclusion, while the Attorney General's Office cannot institute criminal charges at this time, the Office wants to again state that it appreciates that you brought your concerns to its attention. It is clear that all of Victory, VT's residents, yourselves included, care deeply about the Town and want a fully functional and honest municipal government. The Office encourages the entire Town to work together towards that goal and wishes you the best of luck in the future.

Sincerely,



Evan Meenan
Assistant Attorney General

General note - this is all the same stuff that [redacted] alleged in their meeting w/ me except perhaps the election fraud - property tax fraud re the VA letter

03/17/2017
16:49

Vermont State Police, A Troop-Saint Johnsbury
LAW Incident Table:

3544
Page: 1

Incident
Incident Number 16B100086 Nature Suspicious
Case Number Image
Address? 1068 US ROUTE 5
City Saint Johnsbury State VT ZIP 05819
Area 0311 ST JOHNSBURY Contact Town of Victory

Complainant
Numbr
Last Fst Mid
DOB SSN Adr
Race Sx Tel Cty ST ZIP

Details
Offense Codes 1200 Reported PSC Observed 1200
Circumstances LT11 BM88
Rspndg Officers Petersen, D
Rspnsbl Officer Petersen, D Agency SPA4 CAD Call ID 5936823
Received By Post, Richard Last RadLog 14:49:47 01/08/2016 CMPLT
How Received T Telephone Clearance RBL Reviewed by Lt/Capt/C
When Reported 14:47:58 01/08/2016 Disposition ECP Disp Date 09/08/2016
Occurrd between 00:00:00 01/01/2009 Judicial Sts CEO Computer Entry Only
and 00:00:00 01/01/2014 Supervisor kcooper
MO

Narrative
Narrative: (See below)
Supplément: (See below) (See below)

INVOLVEMENTS:

Type	Record #	Date	Description	Relationship
NM	19976	01/08/2016	[redacted]	Witness
NM	51414	01/08/2016	[redacted]	Witness
NM	114543	01/08/2016	[redacted]	Witness
NM	189749	01/08/2016	Town of Victory,	Victim
NM	281709	01/08/2016	[redacted]	Offender
NM	363665	01/08/2016	[redacted]	Witness
NM	372891	01/08/2016	[redacted]	Witness
NM	1048055	01/08/2016	[redacted]	POI
CA	5936823	01/08/2016	14:47 01/08/2016 Suspicious	*Initiating Call
PR	852193	01/08/2016	Money \$300,000	Stolen

LAW Incident Offenses Detail:

Seq Code	Offense Codes	Amount
1	1200 EMBEZZLEMENT	0.00

LAW Incident Circumstances:

Seq Code	Contributing Circumstances	Comments
1	LT11 Government/Public Bldg	
2	BM88 No Bias/Motivation	

LAW Incident Responders Detail

Seq Name	Unit
1 Petersen, D	371

Main Radio Log Table:

Time/Date	Typ	Unit	Code	Zone	Agnc	Description
14:49:47 01/08/2016	1	371	CMPLT	SPB1	SPB1	incid#=16B100086 Completed cal
14:49:32 01/08/2016	1	371	ASSGN	SPB1	SPB1	incid#=16B100086 Assigned to a

Narrative:

Vermont State Police Investigation Narrative

Offense/Case #: Embezzlement / 16B100086

Date/Time Complaint Received: 01/08/16

Date/Time of Crime: 2009 - 2013

Victim Information: Town of Victory

Complainant:

Accused Information:

*If it constitutes grand larceny,
embezzlement, forgery, bribery, or
false claims we can do something.
otherwise, the SOL has run*

[REDACTED]

Discovered By: Complainant

Weather Conditions: Not Applicable

List of Evidence:

1. Verbal statement of [REDACTED].
2. Town of Victory, Forensic Audit of Financial and Transactional Activity 2009-2012 Executive Summary, completed by Batchelder Associates (8 pages).
3. Verbal statement of [REDACTED].
4. Independent Accountant's Report for Internal Audit Procedures and Findings, completed by AM Peisch and Company (18 pages).
5. Town of Victory Audit Report for the year ending 12/31/13, with cover letter dated 08/15/14 (30 pages).
6. Sanel Auto Part invoices 2009 - 2012.
7. [REDACTED] reported hours (with time sheets) 2009 - 2012.
8. Diesel Fuel purchased by Town of Victory 2009 - 2012.
9. Excel Spreadsheet highlighting Sanel Auto Part purchases 2009 - 2013.
10. Town of Victory 2012 Audit Notes.
11. Verbal statements of [REDACTED] on 01/26/16, 08/25/16, and 08/30/16.
12. CD containing recorded statement of [REDACTED].
13. CD containing recorded statement of [REDACTED].
14. Photograph of letter addressed to [REDACTED].
15. E-mail from [REDACTED] dated 06/01/16.
16. W2s and 1099s for [REDACTED] for 2009 - 2012.
17. Correspondence between Deb Bucknam and [REDACTED] in [REDACTED] 2016.
18. Letter from [REDACTED] dated 06/10/16 re: leased lands.
19. Fax documents from [REDACTED] (37 pages).
20. Verbal statement of [REDACTED].
21. Verbal statement of [REDACTED].
22. Faxed copies of checks issued in November and December 2013 by the town of Victory (8 pages).
23. E-mail from [REDACTED] dated 07/26/16.

24. Verbal statement of [REDACTED].
25. Email from [REDACTED] dated 08/31/16.
26. Excel file entitled Breakdowns 2012.
27. E-mail from [REDACTED] dated 09/01/16.
28. Verbal statements of [REDACTED] - Sanel.
29. Sanel invoice # 22SW5806, dated 05/10/13 for the purchase of a mechanical fuel pump.
30. Verbal statement of [REDACTED].
31. Verbal statement of [REDACTED].
32. E-mail from [REDACTED] dated 09/08/16.
33. Excel spreadsheet with John Deere Fuel Consumption Estimates (8 pages).

Narrative:

On 01/08/16, I met with [REDACTED] at the State Police barracks in St. Johnsbury. [REDACTED] indicated he represented the Town of Victory. [REDACTED] advised a forensic audit had recently been performed by Batchelder Associates of Barre on financial and transactional activity for the Town of Victory for the period of 2009 - 2012. [REDACTED] said this audit identified the possibility of fraudulent activity. *different time period than previously listed, but doesn't further impact SOL*

[REDACTED] provided me with an executive summary regarding the findings of the audit, which he said was completed on 12/09/15. Page number two (2) of this document containing a list of 16 findings as a result of the audit performed. [REDACTED] directed my attention to the highlighted findings (numbers one [1], five [5], and seven [7]). Finding number one (1) indicated "significant discrepancies between Highway hours worked, equipment rental hours/dollars and diesel fuel used compared on a month to month basis, as well as year to year comparison." Finding number five (5) suggested "discrepancies in purchases made from the Town account for vehicle parts and/or use of Town account for discounts." Finding number seven (7) noted "significant number of checks written with no invoices or backup. (Exhibit I)" [REDACTED] remarked that he felt findings number one (1) and five (5) were the most concerning and perhaps would offer the most opportunity to develop evidence to support.

Regarding finding number one (1), [REDACTED] told me he understood that the town owned vehicles consumed diesel fuel as a standard rate. He advised a comparison of the hours billed to the diesel fuel consumed suggested there to be irregularities. When asked, [REDACTED] indicated he could not be certain who was performing the work for which the Town of Victory was billed. As for finding number five (5), [REDACTED] commented that he understood items were purchased on Town of Victory accounts that were not related to vehicles owned by the town.

[REDACTED] also noted that the [REDACTED] for the time period covered by the audit, [REDACTED] resigned in [REDACTED], however it appeared she was paid for an extra month of salary. [REDACTED] advised the town highway department was run by [REDACTED] husband, however, [REDACTED] was the one who had oversight for the town charge accounts.

During our conversation, [REDACTED] advised there were other concerning practices that might be more difficult to conclusively prove. [REDACTED] shared that there appeared to be leased lands where the leasee failed to make payments. [REDACTED] indicated there were possibly occasions where property taxes were paid in cash and submitted to petty cash and suspected to later have been stolen.

██████████ indicated that he did not personally know who the players were in this matter and directed me to speak further with the Town of Victory Selectboard chairwoman, ██████████ for additional details. ██████████

On 01/19/16, at approximately 1326 hours, I spoke with ██████████ via telephone. I confirmed to ██████████ that I had been contacted by ██████████ regarding the findings from the audit performed by Batchelder Associates. ██████████ identified the current Town Clerk of Victory as ██████████ confirmed the previous Town Clerk was ██████████ ██████████ told me that ██████████ had the existing records, however many records were unavailable because they were burned by ██████████ and ██████████ advised ██████████ and ██████████ had gone through piles of bills, loaded them into bags, and took them away. ██████████ stated she saw a truck go behind the house and burn these records in a fire or outdoor furnace. ██████████ said she understood ██████████ would lock the office and not let anyone else inside. ██████████ added that she had attempted to turn the entire matter over to the State Auditor, however that was not successful.

██████████ mentioned to me that there had been quite a bit of wrangling in town today as ██████████ had been bombarded with requests by ██████████ and ██████████ related to the audit report. ██████████ noted the Town Clerk's Office was only open two (2) days a week. ██████████ agreed to meet with me on 01/22/16 at 1000 hours.

At approximately 1347 hours, I spoke with ██████████ via telephone. I explained the purpose of my call to ██████████ who agreed to meet with me at her office on 01/26/16.

On 01/22/16, at approximately 0940 hours, ██████████ met with me at the State Police barracks in St. Johnsbury. ██████████ explained that prior to 2013, the town voted to have an annual audit performed because the town did not employ an auditor and there was some suspicion that money was being misused. ██████████ shared that she was aware the town road foreman (██████████) was renting his equipment to the town, but utilizing town diesel fuel in his equipment. ██████████ noted ██████████ was the husband of the former Town Clerk, ██████████ ██████████ estimated the amount of fraud may exceed \$300,000.

According to ██████████ after a few years, the town contracted with the firm AM Peisch and Company to have an audit performed. ██████████ provided me with a copy of a report generated by AM Peisch and Company and dated 08/13/13. ██████████ said AM Peisch completed what was known as a procedural audit, which the town declined to disclose because it was evident from the report that there were problems. When asked, ██████████ was unable to identify what the designation procedural audit meant. ██████████ indicated ██████████ and members of the selectboard never paid the bill (more than \$6000) for the audit performed by AM Peisch.

██████████ advised in 2014, she contacted the VT League of Cities and Towns in an effort to identify a suitable auditor to conduct the town review. ██████████ ██████████ name was one that was identified. ██████████ said she interviewed several candidates and ██████████ seemed to be the best fit. ██████████ indicated she understood ██████████ was employed by the Town of St. Johnsbury to perform its audit as well. ██████████ mentioned ██████████ was another candidate, who had really wanted to do the job, however he had been auditing the books for the Elizabeth Brown Humane Society, now run by ██████████ and based in Victory. ██████████ said she understood ██████████ had quite when he found inaccuracies, however ██████████ had since been rehired and now worked also for Deb Bucknam. ██████████ commented that ██████████ now claimed the audits performed by ██████████ were incorrect, though to ██████████ knowledge, ██████████ had never seen the town records. ██████████ remarked to

her knowledge [REDACTED] had only reviewed the comments in the Executive Summary (a copy of which had been provided to me by [REDACTED] and not the entire audit packet. [REDACTED] provided me with a copy of the full audit report completed by Batchelder Associates, including a cover letter dated 08/15/14.

[REDACTED] pointed out that there was a hearing on 01/21/16 in St. Johnsbury during which many lies were spread. [REDACTED] explained this hearing was related to an effort to get [REDACTED] back on the voter checklist for the Town of Victory. [REDACTED] said she understood [REDACTED] was considering a run for Town Clerk on Town Meeting Day. [REDACTED] suggested that the townspeople are a divided lot with a considerable amount of antagonism between the two groups ([REDACTED] equated the situation to the [REDACTED]). [REDACTED] remarked that in 2013 when an article highlighting Victory as having the highest tax rate in the State was published, a group of townspeople made an effort to bring [REDACTED] back to the town.

[REDACTED] commented that while [REDACTED] served as Town Clerk, the annual summaries were remarkably consistent. Ferne suggested it was almost as though [REDACTED] had cut and pasted the reports, however the numbers listed never added up upon closer scrutiny. [REDACTED] advised a review of [REDACTED] work showed that some tax bills were not paid, while other town residents were incorrectly listed as delinquent because their payments were not credited to their property tax bill.

[REDACTED] told me the population for the Town of Victory of less than 75, with a voting population of 63. According to [REDACTED] 88% of town residents were either retired or disabled, with the remainder employed or receiving SSI. [REDACTED] stated many town residents pay their property taxes in a monthly format with cash. Prior to 2013, [REDACTED] offered that there were multiple instances of payments not being documented and no record of where the cash went. When asked, [REDACTED] acknowledged some town residents did receive receipts for their cash payments.

[REDACTED] pointed out that [REDACTED] served as both Town Clerk and Town Treasurer. She reiterated that [REDACTED] did not allow others into her office and that when she resigned, [REDACTED] attempted to improperly appoint [REDACTED] as her assistant.

We reviewed further the executive summary completed by Batchelder Associates. [REDACTED] pointed out the executive summary showed roughly \$300,000 of irregularities in the Town of Victory books. [REDACTED] identified [REDACTED] as having served as town road foreman for the period of 2009-2012 (and was the only highway department employee during this period). [REDACTED] stated this was an appointed position, which [REDACTED] quit in 2013. [REDACTED] confirmed that [REDACTED] received payments from the Town of Victory for use of his road equipment in town highway projects. [REDACTED] advised she could find no record of any formalized contract between the Town of Victory and [REDACTED] for this service. [REDACTED] expressed that it was concerning to her that fuel bills show that diesel fuel used in [REDACTED] equipment was paid for by the Town of Victory. When asked, [REDACTED] stated the Town of Victory had only owned two (2) pieces of equipment, an International dump truck and a John Deere road grader ([REDACTED] later agreed to provide me with the make, model, and year of both). Generally speaking, [REDACTED] told me only one (1) of these pieces was being operated at a given time. [REDACTED] advised the Town of Victory rented from [REDACTED] a wheeled excavator to fill the dump truck with sand and a John Deere tractor for moving the roadsides. [REDACTED] confirmed the payments to [REDACTED] were documented in the report of Batchelder Associates.

[REDACTED] mentioned that the town has acquired a new grader, a new backhoe, and a

dump truck in recent years. [REDACTED] noted total town diesel fuel usages was well below the levels of when [REDACTED] was running the town highway department. When asked, [REDACTED] noted the diesel fuel usage was down considerably before the purchase of the new equipment.

We also spoke about the purchase of auto parts on Town of Victory accounts. [REDACTED] explained the Town of Victory had an account at Sanel in St. Johnsbury to purchase parts for any town owned vehicles. According to [REDACTED] when a check of the town vault was made for receipts from purchases at Sanel was completed, it was found they were all gone. [REDACTED] advised she called Sanel and was able to obtain copies of all purchase records from 2009 to the present (which were now in [REDACTED] possession). According to [REDACTED] she reviewed the purchases with two (2) Sanel employees. [REDACTED] maintained she was informed by the Sanel employees that the town paid for parts that were neither for the road grader or the dump truck. [REDACTED] advised that she was aware the road grader was leaking oil, however it was unclear where the purchases of new oil ended up. [REDACTED] confirmed [REDACTED] had to sign for any purchase on the town account at Sanel. When asked, [REDACTED] indicated she was not aware of any other individuals signing for a purchase at Sanel during the period of interest.

[REDACTED] commented that she was not aware or any record of [REDACTED] paying for items he purchased for himself on the town account ([REDACTED] maintained [REDACTED] had noted there were extra blades purchased for the road grader, tubing and tires that were different sizes than would go to equipment owned by the town). When asked, [REDACTED] said the Town of Victory did not have a formal policy when it came to personal use of town accounts. [REDACTED] could not estimate the total value of the questionable purchases at Sanel for this time period.

[REDACTED] also pointed out that in her mind, [REDACTED] overcharged for the roadside mowing service he provided. [REDACTED] stated [REDACTED] was paid \$2400 for roadside summer mowing. [REDACTED] commented the town had roughly 20 miles of road and this task was completed once a summer. [REDACTED] said it generally took two (2) days to finish. Ferne indicated when [REDACTED] was in charge of this task, the town paid the fuel bill. In comparison, [REDACTED] advised in 2014, the town contracted for the roadside mowing service. She said the town paid \$2000 for the contact, with the fuel costs being borne by the contactor. In 2015, she said the roadside mowing service was once again put out to bid, with the town paying \$2200 total. The contractor paid for their own fuel in 2015.

We next spoke about checks being issued by the Town Clerk's Office without a corresponding invoice. [REDACTED] expressed it was her understanding this was done quite often. [REDACTED] told me [REDACTED] had several examples, which included checks made out to [REDACTED]. When asked, [REDACTED] identified the selectboard members serving from 2009 - 2012 as [REDACTED].

[REDACTED] identified other individuals that may have information that could assist this investigation as [REDACTED] (current selectman), [REDACTED].

Towards the end of our meeting, [REDACTED] expressed concern about the upcoming elections and that the old regime would move back into power. She said things in town were tense. I advised [REDACTED] that this investigation would be conducted in an independent fashion, but that it was premature to say what would result. [REDACTED] said she understood and then departed from the barracks.

On 01/26/16, at approximately 1100 hours, I met with [REDACTED] at her

Audit was for 2013

office in Barre. [REDACTED] explained to me that she was hired by the Town of Victory to conduct an audit of town records. [REDACTED] verified the 2014 letter I had received was the audit she had performed for the year 2013. [REDACTED] indicated AM Peisch had been retained by the town to conduct a procedural audit. I inquired as to what she meant by this. [REDACTED] explained that AM Peisch's audit was performed with a set of guidelines and would look at an overview of the procedures used by the entity for conducting financial functions.

According to [REDACTED] when she performed the audit of 2013, she found numerous concerning practices and trends. [REDACTED] explained that during an audit, an accountant will test a sample of the disbursements after gaining an understanding of the internal controls. Based upon the results of the initial audit, it was determined that a forensic audit would be conducted. [REDACTED] indicated the forensic audit would look at all pieces of information available and was much more detailed.

As part of the forensic audit, [REDACTED] informed me that they got all of the records from the back (images of checks, deposit, records, etc.) as well as copies of all the bills and most accounting receipts. From these records, [REDACTED] indicated she was able to reconstruct a full financial picture for the Town of Victory.

As for the conclusions of her 2013 audit, [REDACTED] stated she found missing documents such as board orders (which the selectboard should issue identifying the invoices for approval has been granted to pay), past town reports were incomplete and/or inaccurate as several town owned CDs were not always listed and there were issues with the delinquent property tax list. Overall, [REDACTED] advised she found numerous discrepancies, to include checks issued without board order support, checks issued without a corresponding invoice, and checks issued in an amount differing from the submitted invoice.

[REDACTED] spoke specifically about the matter of improper compilation of the delinquent tax list. [REDACTED] explained she understood that there were individuals delinquent in their tax payments that were not listed in the town report. [REDACTED] told me this raised suspicion because the town report is a public record that allows for accountability. [REDACTED] further noted that there was use of a petty cash account in the Town Clerk's Office. [REDACTED] said he understood the previous town Treasurer had deposit tax payments made in the form of cash right into this petty cash account, however she could find no records that were kept regarding this account and there was no documentation as to the existence of this account in the town report. Overall, [REDACTED] stated this showed a lack of proper account of public funds. When asked, [REDACTED] said she was not aware of any instances where individuals had paid their property tax bill, but were listed on the delinquent tax payment list.

When asked, [REDACTED] advised a formal forensic audit for 2014 was not performed.

[REDACTED] identified two (2) big issues that arose from her forensic audit. The first issue related to fluctuations in the gland list acreage. [REDACTED] said this was largely outside of her scope of experiences and that she suspected the State of Vermont would need involvement, however what she could say was that some of the leased lands in Victory were transferred to residents for very nominal payments.

[REDACTED] told me the second issue that she identified related to her analysis of town equipment use. [REDACTED] identified the town road foreman for the period of

interest as [redacted] [redacted] [redacted] said [redacted] was a paid employee with a set hourly wage. Outside of his duties as road foreman, [redacted] advised [redacted] also operated his own private business. [redacted] stated part of [redacted] business was renting construction equipment to the Town of Victory. [redacted] noted that in addition to his wages for being the road foreman, [redacted] also was compensated for renting the equipment. [redacted] advised she broke down the payments into tables, which were part of the reports.

[redacted] stated there were months, such as June 2009 in which the total of hours billed seemed extraordinary. [redacted] pointed out in June 2009, [redacted] billed for 96 hours of equipment rental time in addition to 160 hours of work. [redacted] said she understood that when a contract was entered for the renting of equipment, this would include the cost of an operator for the equipment. [redacted] told me in this instance, it appeared that [redacted] billed for 96 hours of operating his equipment on top of his 160 work hours for the month.

According to [redacted] she spoke with the current road foreman ([redacted]) to obtain an average rate of diesel fuel consumption for the town equipment. John reported to [redacted] that the town dump truck used 5 gallons of diesel fuel an hour while the grader used 40-50 gallons per eight hours of use. [redacted] said she put a column on her table to highlight the rate of diesel fuel consumption based upon the number of gallons purchased by the town and the number of hours billed by [redacted]

[redacted] advised in almost every month, based upon the numbers of hours billed by [redacted] the fuel consumption was well below what was reported by [redacted] [redacted] noted that in June 2009, based upon the number of hours billed by [redacted] compared to the number of gallons of diesel fuel purchased by the town, the town equipment consumed an average of .936 gallons per hour. [redacted] stated the only way this rate would have been achievable would have been for [redacted] to have been donating his own diesel fuel to the town, or he was not actually working all of the hours for which he billed the town. Overall, [redacted] said she could only find one (1) month were [redacted] achieved the 5 gallon per hour consumption rate cited by John. As such, it was her conclusion that [redacted] was billing the town of Victory for more work than he was actually accomplishing. [redacted] added that this was more pervasive for the period of 2009 - 2012. [redacted] later estimated that over a four (4) year period, based upon the discrepancy in hours billed, this fraud could amount to between \$50,000 and \$65,000 assuming an average of \$12,500 in fraud annually. When asked, [redacted] acknowledged she had not performed an analysis of the diesel fuel usage since [redacted] was replaced as road foreman.

Potential
false
claims, but
\$0.936 is a
problem
Potential
grand
larceny

Also, [redacted] mentioned that based upon how [redacted] was being paid, he should have been issued a W2 for the hours he worked as an employee for the town and a 1099 form for the rental fees he was paid for the equipment. [redacted] said she checked with the IRS and was informed that no 1099s were filed on [redacted] income taxes. As such, [redacted] was uncertain if this income was ever claimed by [redacted] When asked, [redacted] said she was not sure if the IRS was looking into this matter further. [redacted] confirmed she had copies of both [redacted] time sheet as well as the invoices for the equipment rental if needed. Other concerning issues pointed out by [redacted] on this matter were that [redacted] wife, [redacted] was the Town Clerk at the time and thus issuing the payments, the State of Vermont made payments into the retirement system on [redacted] behalf, and that she could find no record of some highway payments made by the State of Vermont to the Town of Victory being deposited.

During the meeting we spoke about the Sanel Town of Victory charge account.

█████ said she did detect some misconduct on this account, however it was not a sizeable amount. █████ estimated it was more of \$100 here, \$200 there. █████ confirmed she did still have the receipts for charges to this account and could provide a distinct dollar amount of suspected fraud if desired.

█████ informed me that when she first commenced with the full financial audit, she went to the town vault and discovered there was an enormous amount of records missing. █████ again spoke about discovering examples of tax payments being made but not documented (she compared payments to what was billed). If a property tax bill was listed as being open, then she would compare to the town reports prepared by █████ █████ commented that if the Town Clerk did not consistently list a delinquent individual in the town report, when they did eventually pay the take money because there was no record of the outstanding debt owed. █████ remarked she felt the actions of both █████ and █████ were suspicious. When asked, █████ said she believed there were checks issued by █████ to █████ for the equipment rental that were not supported by corresponding invoices, however she wanted to check her records to be certain.

Near the end of our conversation, █████ said she believed the easiest activity to prove was the hours billed by █████ when compared to the diesel fuel consumed. █████ felt it would be easy to show █████ acted with misconduct and therefore was derelict in her duties, however it was more difficult to establish a dollar figure attributable to █████ for fraudulent behavior.

█████ stated that she understood that the State Auditor had received her report from the Attorney General's Office. As to when her work product would be available for me to review, █████ indicated it would take her at least a week to have the records available. At the end of our meeting, I asked about the \$300,000 figure cited by █████ █████ replied that this figure exceeded the total dollar figure she found as to irregularities for the period of time she looked out (2009-2012). This concluded our meeting.

As part of this investigation, I was provided with the following documents by Batcheler Associates:

1. Sanel Auto Part invoices for 2009 - 2012.
2. █████ █████ work hours for 2009 - 2012.
 - a. These included copies of █████ timesheets with descriptions of how hours were used.
3. Diesel fuel purchased by Town of Victory 2009 - 2012.
4. Spreadsheet with compilation of Sanel Auto Part purchases 2009 - 2013.
5. Town of Victory 2012 Audit Notes - this primarily consists of identifying check numbers and amounts for which the invoices and/or board orders were missing. (It should be noted there was only one (1) discrepancy identified for this year by █████ for a payment made to █████ █████)

On 02/08/16, at approximately 0825 hours, █████ left me a voicemail message. █████ expressed that she was concerned that Deborah Bucknam and █████ were harassing people in town and requesting copies of the forensic audit. █████ indicated certain records are exempt from release such as bank records and bank checks, however █████ was concerned that █████ would try to serve papers in order to force disclosure of certain documents. There was also concern that █████ would show up demanding a copy at a selectboard meeting. █████ requested a call back to herself or █████

On 03/02/16, at approximately 1555 hours, FBI Special Agent (SA) Greg Simmons left me a message regarding this investigation. SA Simmons indicated that his

office had received a complaint about an embezzlement from the Town of Victory. SA Simmons said he understood I was performing an investigation into the matter and that he was looking to speak with me when I had an opportunity. I received this message on 03/09/16, when I was back in the office.

On 03/09/16, I called SA Simmons. My call was answered by voicemail and I left a message. SA Simmons returned my call at approximately 1639 hours that same day. We discussed the investigation. SA Simmons indicated his point in calling was largely to confirm the matter was being investigated. He expressed that it was unlikely the FBI was going to pursue its own investigation of the complaint.

On 03/25/16, at approximately 1259 hours, [REDACTED] left me a voicemail message. In her message, [REDACTED] advised she was calling in reference to the Town of Victory embezzlement investigation. Specifically, [REDACTED] wished to provide me with an update of what was happening since Election Day (actually Town Meeting Day - first Tuesday in March). [REDACTED] indicated [REDACTED] had been elected as a Town Selectman and together with [REDACTED] were essentially taking over the town. [REDACTED] advised [REDACTED] had been re-appointed at the Town Road Foreman. [REDACTED] expressed [REDACTED] and [REDACTED] were exerting quite a bit of power in town and she was concerned.

On 04/25/16, at approximately 1345 hours, I received a call from Deb Bucknam, an attorney representing [REDACTED] in this matter. Deb advised records had finally be received and were being reviewed by [REDACTED] as it pertained to the accusations leveled in the executive summary produced by [REDACTED]. Deb indicated [REDACTED] had spent approximately 25 hours to date organizing the records. Deb advised that [REDACTED] was inclined to speak with me and she wished to arrange that at some point in time.

On 04/28/16, at approximately 0907 hours, Deb Bucknam left me a voicemail message. In her message, Deb advised that [REDACTED] had completed a document review and believed there was evidence that countered the claims in the audit executive summary. Deb mentioned that [REDACTED] had stored the bank records in a three-ring binder and that the copies they received showed the hole punches for the three ring binder. As such, it was concluded by them that these documents had originated from the three ring binder, but were delivered in a disorganized fashion. Deb advised [REDACTED] knowing she did not have to, was willing to meet and answer any questions I might have. Deb further indicated she had consulted with [REDACTED] Northrup who maintained that the document produced by [REDACTED] was "trash." Deb stated that [REDACTED] was motivated to get this resolved as quickly as possible as the other side had sent a letter to her employer.

I called Deb back at approximately 1513 hours. My call was answered by a voicemail service and I left a message.

On 05/02/16, at approximately 1349 hours, Deb Bucknam left me a voicemail message. In her message, Deb advised that [REDACTED] was available to meet any time except 05/11, 05/12, and 05/18-05/22. Deb requested I call the practice manager and advise of a time that would work for my schedule. After proposing a couple of different dates, a meeting was scheduled on 05/27/16 at 1500 hours.

On 05/27/16, around 1510 hours, I met with [REDACTED] and Deb Bucknam at the law office of Bucknam and Black. A recorded statement was obtained. This recording was later burned onto a CD, which was filed at the barracks. Also turned over to me during this interview was a photograph of a typewritten letter addressed to Andrew, [REDACTED] son. See separate person's interviewed report for further

details.

On 05/30/16, at approximately 1540 hours, Deb Bucknam left me a voicemail message. In her message, Deb advised she had some e-mails exchanged with ██████████ which showed that records were requested and that ██████████ refused to provide these records. Deb also advised that ██████████ was in receipt of a job offer, however she was unable to successfully apply for licensure while being subject of a criminal investigation. Deb was inquiring as to a potential timeline on the status of this investigation.

On 05/31/16, at approximately 0717 hours, I received a voicemail message from ██████████. In the message, ██████████ advised he had heard I was interested in speaking with him. ██████████ expressed an interest in doing so and inquired if we could schedule some time later that day. ██████████ called me again around 0800 hours. We agreed to meet at the barracks at 1400 hours to conduct the interview. It should be noted that ██████████ volunteered to meet with me at the barracks even though I offered to conduct the interview elsewhere if he preferred. ██████████ did arrive at the barracks later in the day. A recorded statement was obtained. The recording was subsequently burned onto a CD, which was filed at the barracks. See separate person's interview report for further details.

On 06/01/16, at approximately 1654 hours, ██████████ e-mailed me W2 and 1099 documents for ██████████ issued for the period of 2009 - 2012. These documents were printed and filed with the case.

On 06/02/16, at approximately 1058 hours, I received an e-mail from Deb Bucknam with attached correspondence in ██████████ 2016 between herself and ██████████. This correspondence was printed out and filed with the case.

On 06/13/16, at approximately 0821 hours, ██████████ left me a voicemail message. In her message, ██████████ advised she wanted me to know that she was in possession of letters sent to ██████████ and ██████████ that may be pertinent to the investigation. ██████████ offered to fax these letters to me if I wished and requested I return her call.

I was out of the office at the time ██████████ left me this message and did not receive the message until 06/20/16. I called ██████████ back on 06/23/16. ██████████ and I agreed to meet at the barracks on 06/24/16 to complete an interview regarding this investigation. Also on 06/23/16, ██████████ faxed me a series of letters, board minute reports, and other documents that she felt had pertinence to this investigation. In total there were 37 pages. A brief review of these documents found no evidence of note to support this investigation. These documents were filed with the case.

On 06/21/16, Deb Bucknam forwarded me via e-mail a letter dated 06/10/16 by ██████████ addressing the issue of leased lands that had been discussed during the interview of ██████████. This letter was filed with the case.

On 06/24/16, around 1030 hours, ██████████ DOB: ██████████ and her husband ██████████ DOB: ██████████ arrived at the barracks to meet with me regarding this investigation.

I spoke first with ██████████ indicated ██████████ resigned as Town Clerk of Victory on 11/27/13. ██████████ advised ██████████ did not inform anyone of this resignation until 12/10/13, by which time two (2) other selectboard members had resigned as well. This left ██████████ as the sole selectboard member and the

only town official collecting mail.

█████ advised a special town meeting was held in █████ 2014 to fill the vacancies on the selectboard. █████ and █████ were voted in at this meeting. █████ said an organizational selectboard meeting was then held to appoint a town clerk and treasurer. █████ indicated she took over as town clerk on 01/14/14.

According to █████ on the day █████ resigned, she appointed █████ to act as assistant town treasurer. █████ pointed out that because █████ resigned and was no longer town clerk, her appointments were no longer valid. █████ advised state law prohibited █████ from acting as town treasurer because she served on the school board. Although there was not a town clerk following █████ resignation, █████ said checks continued to be written from the town account. █████ noted █████ continued to receive a paycheck, though she was uncertain precisely how many checks █████ received. █████ agreed the check issued to █████ could have been a legitimate paycheck for her November hours. █████ told me at that moment she was not certain of why █████ was issued a check. I asked █████ who was signing the checks during this period. █████ replied that she assumed █████ but was not sure. █████ added the only check she was aware of that was issued during this period was issued to █████ █████ thought it possible a check was issued to █████ █████ as well. At that time, █████ did not know the amount of the check made out to █████ █████ agreed to assess her records to identify the total number of checks issued between 11/27/13 and 01/14/14, when there was no official town clerk check in Victory. █████ was able to say she was aware the town bills were not paid during this period because █████ █████ brought in a bin of mail to the meeting and dumped it on the table.

█████ verified in October 2013, a meeting was held in Victory that had to do with property taxes as the amount due had nearly tripped. At the meeting, an explanation for the rise in property taxes was not provided, however, it was discovered that █████ █████ and █████ were planning to build a three (3) bay garage with an attached meeting hall, mezzanine, town clerk's office and vault. The reported estimate to build the building was \$400,000, however when her husband █████ checked with a couple of contractors, he found the estimated cost would be closer to \$1,000,000. According to █████ █████ and █████ █████ took the pilot money (money paid to the town by the State of Vermont in lieu of being taxed on state owned land) and planned to use it to build this building. In past years, the pilot money had been set aside to help reduce the property tax bills of town residents. █████ noted the townspeople had not voted to build this building at Town Meeting. Due to the shift of the pilot funds, the property tax bills that went out were nearly triple that of previous years.

█████ added that █████ and █████ reportedly negotiated a deal with the State of Vermont to acquire the roughly 10.5 acres where this building would be situated in exchange for another parcel of property plus \$31,000. █████ understood the valuation of this acquired property to now stand at \$15,000 at best. █████ indicated the entire property is shale ledge. █████ advised blasting continued on the property even after plans to build the structure were voted down.

█████ advised multiple people in town observed █████ and █████ in the town clerk's office sorting through a stack of papers. █████ indicated some of the papers were put into garbage bags which were then put into vehicles belonging to █████ or █████ When asked, █████ advised she was not a witness to

this action, however she understood [redacted], [redacted] and [redacted] were witnesses. This would relate to the alleged destruction of public records.

When asked about bills submitted by [redacted] [redacted] to [redacted] for work done on behalf of the town, [redacted] said she had no knowledge on this topic. Likewise, [redacted] maintained she could not speak on what [redacted] [redacted] purchased through any town charge accounts.

[redacted] did however note that on 06/01/16, at the town selectboard meeting, she raised questions about the purchase of 25-30 gallons of 10W30 oil. [redacted] said this inquiry was based primarily on the fact that the town machinery ran on diesel fuel. Without seeing the specifications, she did not know what type of oil the machinery needed. At this meeting, [redacted] advised [redacted] [redacted] the clerk to the selectboard, made a hand gesture to [redacted] that conveyed she (Carol) should shut up.

[redacted] informed me she and [redacted] lived next to the [redacted] [redacted] advised the day after the records were removed from the town clerk's office, she saw [redacted] on his property digging a hole with his excavator and later smoke coming from that hole. [redacted] described some of the smoke coming from that hole as being black in color, which to her meant there was burning plastic in the hole. [redacted] acknowledged she could not specify what was being burnt in the hole as she was not close enough to see, nor was she privy to the removal of the records at that time. I asked [redacted] what records specifically were missing. [redacted] replied that she had no knowledge of what documents were actually missing. [redacted] advised this would have been documented in the work completed by Batchelder and Associates. [redacted] said she thought some bank records were missing, but was not sure what else.

can't say whether/whether public records are missing or whether they were burned

We next spoke about the town account held at Sanel. [redacted] recalled when she received the retroactive records from Sanel, it was a stack of paper a couple of inches thick. [redacted] said she remembered there being purchases for four (4) different types of air filters, however the Town of Victory only owned two (2) vehicles. I asked [redacted] if there were other such examples that stood out in her mind. [redacted] replied that when she took over in [redacted] 2014, she had to immediately prepare the town report. [redacted] suggested this was something the selectboard was supposed to complete, but in Victory it was always done by the Town Clerk. [redacted] told me when she reviewed the monthly spreadsheets from 2013, she was unable to get the numbers to balance properly. [redacted] advised she elicited the assistance of Tiffany Boyd who used to be a lister in the Town of Victory. Tiffany was also unable to get the numbers to balance properly. Next, [redacted] and Angel attempted to get the spreadsheet numbers to balance properly, but were likewise unsuccessful. [redacted] told me the discrepancy was in the thousands of dollars, but was not sure of the exact figure. [redacted] advised the numbers on the spreadsheets did not match the entries on the bank records.

I asked [redacted] if there was other information similar to her observation about the air filters of specific activities that were questionable. [redacted] replied this was pretty much it. [redacted] pointed out that she had been routinely harassed by [redacted] [redacted] since she started as Town Clerk. [redacted] advised with [redacted] now on the board, he had joined in the harassment.

[redacted] said this duo has elected to act in several concerning manners, including [redacted] again hiring himself as town road foreman, refusing to pay for the accountant (Batchelder and Associates) that was in the budget, and striking down the town policy on conflict of interest.

█████ told me she found it interesting that the board notes capture every word of her testimony at selectboard meetings while other topics are summarized. █████ said she believed it was the ultimate goal of █████ and █████ Mitchel to catch her failing to perform her duties and then have her removed from office. █████ said she also found it interesting that when she went to collect the town records from the Law Office of Zuccaro and Willis, █████ now worked there as a receptionist. █████ told █████ it was her first day. █████ advised she understood the former town attorney, Kyle Sipples, who had worked at the Law Office of Zuccaro and Willis had left for a corporate position. █████ indicated a new town attorney had not yet been appointed. Carol added that █████ and █████ had filed a lawsuit against the Town of Victory for defamation. There is another lawsuit against the town filed by █████ wife. █████ related to an issue with the humane society building according to █████ explained that in 2013, the town listers questioned the non-profit status of a pet facility in town. █████ said the BCA board determined that the house and two (2) acres of land should be taxed, while the barn, remaining fenced in acreage should not be taxed. █████ pointed out that █████ son lives in the house along with his wife, and their children. █████ indicated they pay rent to █████ and █████ When █████ later said something about to █████ a lawsuit was filed.

█████ agreed there was "way too much" back and forth in town, with no one being willing to sit down and talk through issues. █████ expressed that she attempts to avoid talking about other townspeople and tended to stick to herself. █████ said she was surprised she had not yet been subject to a lawsuit by someone in town. █████ could not think of anything else of which I should be aware.

After speaking with █████ I met with █████ who had served as Victory Road Foreman. █████ advised that he did not have any direct knowledge about either █████ or █████ defrauding the Town of Victory based upon any paperwork or records. However, he said he made observations that raised his suspicions about such activity having transpired.

█████ remarked that when █████ was appointed to fill in for █████ as Town Clerk, she (█████) discovered a bunch of records were missing. As a result, █████ said the first thing █████ decided to do was have an audit performed. It was during this audit that the problems were discovered. █████ advised one of the issues uncovered by the audit was that █████ was charging things to the town that either he used personally or were letting others use that had no pertinence to town business. █████ noted a cross-reference was performed with the town account at Sanel and it was discovered that five (5) different rims were purchased (he referred to them as wheels) which did not correspond to any vehicles owned by the town. █████ advised he understood these purchases were made in 2014 or that time period. █████ further mentioned that gallons of oil were purchased at Sanel along with parts for vehicles that the Town of Victory did not have use. █████ said the oil filter purchases particularly stood out to him. █████ said his recollection was that there were two (2) different oil filters purchased, both for John Deere brand vehicles, however the Town of Victory owned only one (1) John Deere brand vehicle. █████ noted █████ owned multiple pieces of John Deere equipment. Another purchase that stood out to █████ was the acquisition of 50 feet of chain.

█████ informed me he heard from a couple of people that █████ was removing garbage bags filled with paper from the Town Clerk's Office. █████ remarked that █████ persistently burns stuff on his property. █████ indicated

burned everything from oil to garbage. He added that when one sees the black smoke rising, it was more than paper being burnt. pointed out that he has land that is adjoins the property. advised he and used to get along, but eventually he has been forced to post his property as will otherwise take advantage.

shared that accesses his fields via a right of way that crosses over property. said previously he has caught pushing boulders and other debris onto his property. advised it reached the point where he consulted the State of Vermont. said the State of Vermont confirmed the access was using was a right of way and not a State highway. remarked the problem got to the point where the State of Vermont had to advise that the road in question belonged to and that it was property. As such, had the right to shut off access at any given time.

According to there was a time where he and got along well. said he even put out a fire at house one time. recalled they got along well for a while after that. also noted this was before had met up remarked even used to plow his driveway. Now, advised it was apparent to him that attitude was my way or the highway. expressed that it was unfortunate he had a neighbor that could get mad so easily.

told me he is not involved with town business. advised he lets handle that arena by herself. Still, shared that he was not appreciative of the threats some people have made against remarked he did not believe it possible to burn all of the diesel fuel that disappeared from the town highway garage under watch. told me he heard talk of other people having keys to the town highway garage, so when he took over, he had the locks changed. indicated the diesel fuel tank was positioned right inside the door to the garage, so it would have been easy for people to pull up to the door, pull the hose out and fill up their vehicle.

During the interview we discussed the town sand supply. According to the Town of Victory used to buy sand from Riendeau in Lyndonville at a cost of \$10 a cubic yard. said after he took over, he called Gingue's and was quoted a price of \$4 for a cubic yard of sand. offered that this was something of a touchy issue because the source of information worked for Riendeaus and could not be authenticated, however, was led to believe there was a kick back going to in the sand arrangement. pointed out that the Town of Victory purchased thousands of dollars of sand annually. said he was not sure how to prove this arrangement existed, however he knew Riendeau and one time he stopped by house after making a big sand delivery to the town. pointed out that when things like this happen, it is bound to raise questions in the minds of some people. added that he recognized there were numerous rumors floating around, which complicated the matter further. I asked if there were other situations that raised questions in his mind. replied that there was a selectboard meeting a month ago in which there was discussion of seven (7) culverts needing to be replaced or repaired on River Road in town. indicated the town obtained a state grant to put fill on three (3) miles of road. pointed out arrangements were made to have the state bring in the crushed stone before the culvert work was completed, which seemed backwards to him. also noted that went out of his way to get voted off the town selectboard. He cited the fact that and children were put back on the voter roll ahead to the election, which was decided by a very narrow margin.

Voter List Allegation

█████ advised he could not think of any additional information of which I should be aware. He then departed from the barracks with ██████

On 06/30/16, I received a fax consisting of checks issued by the Town of Victory on 12/10/13, after ██████ had resigned as Town Clerk (8 pages). These records are filed with the case.

On 07/05/16, at approximately 0946 hours, I received an e-mail from ██████ ^{recently reviewed his previously} ██████ advising that she spoke with the Attorney General's Office and found they were reluctant to take this case. ██████ said she also spoke with ██████ who advised that they were going to review the audit again. ██████ remarked that ██████ told her since the amount of money was over \$300,000, that the FBI should be involved. ██████ offered that she understood and individual by the name of Simmons with the FBI had spoken with ██████ twice about this investigation.

On 07/11/16, at approximately 0945 hours, I spoke via telephone with ██████ Flannigan, who owns property in the town of Victory. ██████ expressed concern about the governance of the town of Victory. ██████ further shared that in 2013 he was greatly overtaxed by the town of Victory. In researching the situation, ██████ advised he became aware that some people in town had paid more in taxes than they should, while others had paid less. ██████ indicated he overpaid his property taxes by between \$600 and \$900 in 2013. ██████ told me this error was only identified by his accountant. When asked, ██████ confirmed he did receive a refund from the Town of Victory several months later. ██████ noted his neighbor, John McGill was overtaxed by approximately \$4400 the same year. ██████ verified John did later get a refund as well.

Robert went on to tell me of a selectboard meeting where a proposal to build a new town building was being considered. ██████ indicated ██████ presented at this meeting and there was much discussion about the fact that the deed for the land in question clearly showed that it was unsuitable for construction. ██████ said ██████ ██████ and ██████ ██████ seemed unfazed by this designation and remained supportive of the proposal. ██████ noted that ██████ acknowledged he was not an engineer and ██████ claimed they could get around the designation. ██████ also discussed a dispute he had in town with a Greg Hovey and the Bucknams that he felt contributed to the present circumstances.

█████ told me he was familiar with ██████ and understood that ██████ had moved from Connecticut to the Town of Victory because he had ripped off a large number of people by performing shoddy work on vehicles and the like. ██████ advised at one point, he caught ██████ and friends in his father-in-law's house, where money, antiques, and other things turned up missing.

Towards the end of our conversation, ██████ acknowledged the only issue he clearly could provide proof on was being over-taxed. ██████ told me he did not possess any knowledge or information pertaining to the billing practices of ██████ ██████ the destruction of records, or the Town of Victory being defrauded outside of the rumors going around town. ██████ acknowledged that he understood this was hearsay, however, he felt there was quite a bit of ██████ to these rumors.

On 07/25/16, at approximately 1116 hours, Deb Bucknam left me a voicemail message. Deb noted that her client was still waiting for a determination if charges were forthcoming. Deb pointed out that it had now been a couple months since an update had been provided. Deb advised ██████ had a second interview

pending for a job at a Massachusetts Health Care Facility, but still had this investigation status hanging over her head. Deb was looking for an update when possible. Deb also sent me an e-mail that same day seeking an update. I replied to Deb's e-mail, which she said she would forward on to [REDACTED]

On 07/26/16, at approximately 0901 hours, I received an e-mail from [REDACTED] with explanations for the checks issued to herself and [REDACTED] after she resigned at the end of November 2013. Essentially, [REDACTED] advised the checks issued to her and [REDACTED] in December 2013 represented owed wages. This e-mail was printed out and filed with the case.

On 08/17/16, at approximately 0951 hours, [REDACTED] left me a voicemail message. I was out of the office at the time [REDACTED] left this message and did not receive it until 08/22/16. In her message, [REDACTED] advised she had received a letter via certified mail from [REDACTED] [REDACTED] and [REDACTED]. [REDACTED] said the letter contained a list of things she was doing wrong as town clerk. [REDACTED] thought I may want to see the letter.

On 08/22/16, at approximately 0840 hours, I spoke with Essex County State's Attorney (SA) Vince Illuzzi about this matter. He agreed to meet with me on 08/25 to review what had been uncovered as part of the investigation.

On 08/24/16, at approximately 1552 hours, [REDACTED] called me. [REDACTED] reiterated that she had received a letter from two (2) members of the Victory selectboard ([REDACTED] [REDACTED] and [REDACTED] [REDACTED]). [REDACTED] advised at the end of the letter, there were reference to multiple Vermont statutes. [REDACTED] said the board had gone into executive session, which she did not attend and the letter resulted from the discussions at this session. I advised [REDACTED] that if the letter did not pertain to the allegations of embezzlement, I did not have a need to review its contents.

On 08/25/16, at approximately 1445 hours, SA Illuzzi and I sat down to review the information collected as part of this investigation. SA Illuzzi offered that while the audit report clearly suggests insufficient oversight of an independent contract by the town, he was uncertain whether the allegations could reach the standard of beyond a reasonable doubt. SA Illuzzi suggested much of the content appeared to be civil in nature. SA Illuzzi requested that I set up an appointment for him and me to meet with [REDACTED]. SA Illuzzi said he was uncertain about the diesel fuel tabulations, however he wanted further assessment. He felt it was worthwhile to assess the purchases made in 2011, 2012, and 2013 on the Town of Victory Sanel account as well as further verification of the 34 checks issued in 2012 that were listed as having discrepancies by [REDACTED].

At approximately 1602 hours, I received a forwarded e-mail from SA Illuzzi that had originated with Deb Bucknam. This e-mail included a PDF document which consisted of an affidavit in support of a motion opposing another motion. The document was dated 05/30/16. This PDF file was attached to the case in Spillman for future reference.

At approximately 1613 hours, I spoke with [REDACTED] via telephone for further clarification on the reports she generated. [REDACTED] pointed out that just because she identified a discrepancy as a result of the internal controls established, did not mean the transaction was fraudulent in nature. [REDACTED] explained that a discrepancy could result because a check was issued without a supporting invoice, a check was issued without a supporting board order, a check was issued without approval, or because the numbers differed. [REDACTED] said she

Bonnie clarifies that problems discovered in the forensic audit did not necessarily lead her to form the opinion that fraud had definitely occurred

SA Review

was able to identify these discrepancies because the Town of Victory had a policy that every check must be approved, be on board orders, and the numbers must match an invoice.

█████ reiterated that the biggest area of concern was related to the hours billed to the Town of Victory by ██████████. She advised the analysis of diesel fuel consumption led her to believe ██████ overstated his hours. ██████ explained that vehicles consumed fuel at fixed rates (car, trucks, or otherwise). ██████ stated she was willing to testify if needed that the numbers based on fuel consumption did not match up. ██████ pointed to the table she had created for 2012. In ██████ she advised ██████ put on his time sheet that he worked 75.5 total hours. ██████ indicated she subtracted seven hours from this total because ██████ reported this time as working to repair a flat tire. With an anticipated 5 gallons per hour of fuel consumption, the total anticipate fuel usage for this period would be 342.5 gallons, however only 248.4 gallons were actually purchased by the town, a variance of 94.1 gallons (which a rate of 5 gallons per hours represented just shy of 19 hours worth of working time).

*best possible
change
identified by
Add*

█████ was uncertain if she still retained the 2013 Sanel invoices. She also agreed to meet with SA Illuzzi and I on 08/30/16 at 1500 hours. ██████ did mention that a possible source of firsthand information might be ██████ Flannigan whose father used to be on the Town of Victory selectboard. ██████ said ██████ lived in Connecticut but owned property in the Town of Victory.

█████ said she was not provided with any sort of lease agreement as part of her review. However, common business practice suggested that when a construction vehicle was leased, this included the labor to operate said piece of machinery. Furthermore, said the only hours billed were for actual use and not mere possession of the equipment at a job site.

When asked, ██████ confirmed that her tabulations for diesel fuel consumption did not include hours ██████ claimed to be performing maintenance or other activities where use of the equipment would not be anticipated. Our conversation then concluded.

On 08/26/16, at approximately 1356 hours, I received an e-mail from ██████ advising that her office had not retained any Sanel invoices from 2013 as she did not perform a full financial audit for that year. ██████ offered that I could likely obtain these invoices directly from Sanel if desired.

On 08/30/16, SA Illuzzi and I met with ██████████ regarding her findings in the audit report. ██████ advised that she had looked at every piece of paper pertaining to the Town of Victory accounts. ██████ noted that the bank statements had to be reacquired as they were not fully accounted for at the time the audit was performed. ██████ also noted that she did not interview either ██████ or ██████ indicated it was her understanding that ██████ was both the town clerk and treasurer for the Town of Victory for the entire period of time for which she performed the audit.

We spoke first about the town accounts at Sanel. ██████ advised her research suggested that items were purchased at Sanel that did not correlate to vehicles owned by the Town of Victory. ██████ explained that Jamie Babin (an employee at Batchelder Associates) had called Sanel regarding the purchases. In reviewing the items on the invoice an employee at Sanel (unidentified) believed the parts on the invoices were being purchased for vehicles other than what was owned by the Town of Victory. ██████ further indicated that she understood there was no

agreement that allowed [redacted] to purchase parts for his personal vehicles and receive the reduced billing costs that the Town of Victory received on its account with Sanel.

We also discussed the hours [redacted] [redacted] billed the Town of Victory in his position as road foreman. [redacted] remarked that there was consistently a serious discrepancy between hours billed and the amount of diesel fuel purchased by the town. We reviewed the month of [redacted] 2012. [redacted] billed the Town of Victory 68.5 hours of work, specifically plowing and sanding operations using the town dump truck. [redacted] advised she understood this dump truck used five (5) gallons of diesel fuel an hour. [redacted] indicated at this rate, the Town of Victory should have needed to purchase 342 gallons of diesel fuel, but actually only purchased 248 gallons. [redacted] interpreted this to mean that [redacted] was inflating the number of hours he was billing the town.

[redacted] pointed out that in February 2012, [redacted] billed the Town of Victory for 45 hours of work with the truck, however there was no purchase of diesel fuel by the town during the entire month. [redacted] noted trucks don't generally run without fuel. Furthermore, she pointed out that there was no excess fuel from the prior month to explain the lack of a purchase. Overall, based upon the number of hours billed by [redacted] [redacted] stated the number of anticipated gallons of fuel used was 3925. When asked, [redacted] agreed that the case against [redacted] regarding his billed hours was entirely based upon the inconsistent fuel usage. [redacted] expressed that she felt this was the strongest part of the case against [redacted]. *Strongest claim identified by audit is based on diesel fuel discrepancy, which rests on an assumption of 5 gal/hr fuel consumption provided by successful road foreman*

[redacted] further stated that if [redacted] work hours were over-reported by 50% (based upon the diesel fuel usage) and his annual compensation was \$25,000 (\$11,000 as a town employee and \$14,000 for the equipment rental), then she estimated his overall compensation was inflated by about \$12,000.

[redacted] explained that it was her understanding that [redacted] had told the selectboard that fuel and labor were included in his contract quotes. She said this ran counter to her experience, where typically equipment contracts include both both labor and fuel. [redacted] pointed out that she included the equipment rental hours in the diesel fuel usage comparison because if she did not, it made the average fuel consumption appear even worse for [redacted] [redacted] noted she did not include hours in the comparison that [redacted] claimed to be performing maintenance. [redacted] explained she did so because it would not be anticipated that fuel would be consumed during this such work. [redacted] said she calculated a total of 785 hours for [redacted] as a W2 employee in 2012.

When asked about the discrepancies noted in her report, [redacted] explained the primary purpose in listing these was to establish that the control procedures were very weak. [redacted] advised there were a variety of factors that could lead to a discrepancy. She said in some cases, checks were not listed on approved board orders. In other cases, [redacted] noted there were not invoices to correspond with payments. [redacted] pointed out a payment to Green Mountain Power (GMP) that was particularly concerning because there was neither a corresponding invoice nor a board order approving the payment. [redacted] suggested the Town of Victory should be able to obtain a copy of the bill it paid to verify the address for *trans-leaster provided an explanation for this.* the electrical service was in fact a town property. [redacted] pointed out the largest concern on the list of discrepancies was a \$2300 payment made out to [redacted] by [redacted] that did not have a corresponding board order approving the payment. SA Illuzzi subsequently reviewed the list of discrepancies with me and requested that I have [redacted] make contact with GMP as well as Dead River Fuels to

obtain all bills from 2012, as these companies had multiple listings on the discrepancies highlighted in [redacted] report.

[redacted] told SA Illuzzi and I that it would be common for her to conduct an interview with subjects of the audit (in this case the [redacted] however this did not happen in this case. [redacted] said instead she spoke with John MacDonald who was the new town road foreman.

[redacted] did mention that the paperwork filed with the IRS by [redacted] did not appear to match his W2 and 1099 documents. [redacted] thought it possible there was some fraudulent tax reporting.

Towards the end of our conversation, [redacted] reiterated that she believed the diesel fuel comparison to be the strongest evidence. [redacted] advised the Sanel Auto Part account was likely the second strongest point, thought she acknowledged the dollar amount was small. [redacted] mentioned that she never saw any petty cash registers and [redacted] did not even know there was a petty cash account for several months.

I asked [redacted] about her calculations for the cost of diesel fuel purchased by the Town of Victory as there appear to be an error. When [redacted] reviewed the calculation, she agreed there was an error and the correct cost was in fact \$6253.01 (\$1930.76 was added twice by accident). [redacted] advised the number of gallons was correct on the spreadsheet. [redacted] agreed to update this spreadsheet and also provide contact information for John MacDonald.

*math error
in the audit.
want to
good and
cross*

At approximately 1711 hours, I spoke with [redacted] I informed [redacted] that SA Illuzzi and I had reviewed with [redacted] some of her findings. I asked about some of the discrepancies listed in [redacted] report. [redacted] was able to confirm that the Town Clerk's Office utilized Staples as a supplier of office materials. [redacted] was unable to provide an average monthly expenditure at the Post Office, but did not the town paid an annual fee of \$60 in 2016 for its post office box. [redacted] noted that she could not think of a reason to have an expenditure of \$180 at the post office at a given time. [redacted] added that she had never written a check for such a large amount to the post office in her time as Town Clerk.

Regarding the amount paid to GMP, [redacted] offered that it sounded like a check was possible issued for all three (3) of the town accounts. [redacted] noted that the Town of Victory held three (3) separate accounts with GMP, one (1) for the town garage, one (1) for the street lights, and one (1) for the town clerk's office. [redacted] indicated the street light account was fairly standard at \$50 a month, while the bill for the town garage and town clerk's office varied somewhat. Still, she said all three (3) accounts usually amounted to more than the \$104 for which the check was issued.

As for the payment of \$2300 to [redacted] [redacted] remarked this sounded like the annual mowing fee the town paid [redacted] [redacted] advised such a payment would not have represented a paycheck. As she thought further about it, [redacted] was confident this check reflected a payment to [redacted] for conducting the mowing along the roads in town throughout the summer months.

[redacted] did also confirm that the Town of Victory conducted business with Dead River Fuels for propane. At my request, [redacted] agreed to contact Dead River Fuel and GMP for copies of any invoices issued to the Town of Victory in 2012.

Based upon the meeting with [redacted] SA Illuzzi requested that I focus on the

*For oral SA prosecution
review.*

following fields:

1. Purchases on the Town of Victory account at Sanel for the period of 2011 - 2013.
 2. Assess the fuel consumption figure (5 gallons per hour) used by [REDACTED] in her report through personal experience (John MacDonald - former road foreman) and published manufacture figures.
 3. Track down 2012 invoices from Dead River Fuel and GMP for to assess a group of discrepancies identified in [REDACTED] report.
- We agreed to meet again at 1300 hours on 09/08/16 to review the findings on these points.

As part of this investigation, I became aware that the Town of Victory owned a 2000 International dump truck and a John Deere road grader. Also, I became aware that [REDACTED] owned a variety of Ford trucks, a John Deere bulldozer, and a Kato backhoe.

On 08/31/16, at approximately 1142 hours I received an e-mail from [REDACTED]. Attached to the e-mail was an Excel document entitled Breakdowns 2012. This file was subsequently attached to the case in Spillman for future reference. In her e-mail [REDACTED] advised she added to this spreadsheet a breakdown of the hours she included for consideration (reasonably infer from description that [REDACTED] was operating machinery). With these hours, based upon a fuel consumption rate of 5 gallons per hour, the total fuel consumption should be 3275.313 gallons, however the Town of Victory only purchased 2072.3 gallons of diesel fuel in 2012, a variance of 1203.01 gallons. [REDACTED] advised the road foreman she interviewed for the average fuel consumption rate was John MacDonald.

At approximately 1521 hours, [REDACTED] left me a voicemail message. In her message, [REDACTED] advised she had received some information related to the dates I had been looking for. [REDACTED] advised she anticipated the invoices of interest would be delivered to her via US Mail or e-mail by tomorrow. [REDACTED] indicated she could be reached at the Town Clerk's Office the following day between 1000 and 1500 hours.

On 09/01/16, at approximately 1045 hours, I received a forwarded e-mail that had originated from [REDACTED]. [REDACTED] reported that check number 2141 made out to [REDACTED] in the amount of \$2300 was dated 08/16/12. [REDACTED] indicated there was no notation on this check. [REDACTED] reported check number 2031 was made out to Dead River Fuels in the amount of \$888.93 and was dated 02/21/12. [REDACTED] advised there was no notation on this check either. According to [REDACTED] check number 2229 was made out to GMP in the amount of \$104.92 and was dated 01/18/13.

Included in the e-mail was data from GMP on the three (3) accounts held by the Town of Victory. The account for the street lights (as identified by [REDACTED]) showed that on 12/20/12, the Town of Victory was billed \$104.92 for electricity usage on this account. This e-mail was filed with the case for future reference.

On 09/07/16, at approximately 1030 hours, [REDACTED] stopped by the barracks. She had with her documentation from Dead River Fuels. The documentation consisted of a transaction report for the Town of Victory account. A transaction was dated 02/21/12 listing a payment in the amount of \$888.93. This was the exact cost of the propane delivered on 01/12/12 (without including the sales tax).

While talking with [REDACTED] she and I reviewed the documentation she had earlier e-mailed me from GMP. [REDACTED] identified the account starting with a 9 as being

for the street lights, the account starting with 0 as being for the town garage, and the account starting with 1 as being for the Town Clerk's Office.

████ further reiterated that she felt it likely the payment in the amount of \$2300 to █████ via check number 2141 was for the roadside mowing. █████ said this was based upon the payment amount as well as the timing of the payment.

Resolved A
discrepancies
in Audit as
noncommittal

Based upon the records obtained by █████ as well as her remarks, the back checking on the discrepancies from 2012 as identified by █████ did not identify any fraudulent activities.

On 09/08/16, at approximately 1126 hours, I went to Sanel Auto Parts store in St. Johnsbury, where I met with █████ █████, who worked in counter sales at that location.

████ and I went through each of the purchases highlighted by █████ as suspicious in 2011, 2012, and 2013.

In 2011, there were two (2) suspicious purchases, both of the same part number ASB 31S - 950. One (1) purchase was on 10/06 while the second was on 10/29. Based upon the part number, █████ was able to identify these as heavy duty truck batteries. █████ noted the "S" in the part number mean stud. █████ told me these type of batteries could be used on a dump truck, grader, skidder, or several other types of commercial machinery. █████ further indicated that many of these vehicles operate with multiple batteries running in series. █████ said it was typical for a heavy duty truck to have either two (2) or four (4) batteries connected in series. When asked, █████ advised these batteries were not specific to a particular brand of trucks.

For 2012, the suspicious purchases were for the following part numbers GAH 86622, GAH 025100-0808, and GAH 025170-0808. █████ identified GAH 86622 as 3/8" diameter hydraulic hose with a two (2) wire wrap. █████ informed me that this type of hydraulic hose could be used on tractors or trucks and was non-specific to a particular brand. █████ explained these hoses were usually only changed if one fails. █████ explained that hydraulic hose was sold by the inch and 144" was a fairly standard purchase amount. █████ advised that while he could not be certain, based upon the length of hose purchased (144"), he felt it likely this was for a piece of machinery.

████ identified part number GAH 025100-0808 as a male pipe end for 1/2" diameter hydraulic hose. According to █████ this was a commonly used hose end.

████ identified part number GAH 025170-0808 as a female JIC and was another common fitting for hydraulic hose.

We next reviewed the suspicious purchases identified by █████ for 2013. █████ explained that exhaust pipe was sold by the foot. He described it as 3.5 inch flexible tubing that would be used on a piece of machinery. █████ suggested this type of exhaust pipe was more commonly used on off-road equipment such as skidders, bulldozers, backhoes, and other similar vehicles. █████ advised some larger trucks also used 3.5 inch flexible piping. █████ indicated this exhaust pipe was not specific to a particular brand.

Also purchased in 2013 was a sizable quantity of hydraulic hose. GAH 86624 was identified as 3/4" diameter hydraulic hose with a two (2) wire wrap. GAH 86625 was identified as 1" diameter hydraulic hose with a two (2) wire wrap. When

asked about the quantity of hose purchased, █████ explained that many pieces of machinery have bundles with multiple hydraulic hoses run together. █████ advised some of these bundles are placed in hard to reach areas so it was not unheard of to replace all of the lines at the same time. As to the various sizes of hydraulic hose, █████ remarked most machinery takes a variety of hose sizes. █████ identified 3/8", 1/2", 3/4" and 1" as all very common sizes for large equipment. As to the overall amount of hydraulic hose purchased on the Town of Victory account in 2013, █████ did not feel it was exorbitant or excessive based upon his experience at Sanel.

GAH 025179-1212 was identified as a female JIC hose end for 3/4" diameter hydraulic hose. GAH 025170-1212 was identified as a female JIC hose end of 3/4" diameter hydraulic hose. GAH 025239-1212 was identified as a flat face "O" ring for 3/4" diameter hydraulic hose. GAH 025111-1616 was identified as a female pipe end connector for 1" diameter hydraulic hose. █████ remarked this was probably a connector that went into the male end of a valve bank on a piece of machinery. GAH 060142-1616 was identified as a 1" male pipe to 1" female pipe connector. █████ explained this was essentially a coupler that would connect two (2) pieces of pipe or hose together.

█████ and I discussed the amount of hydraulic oil that was purchased on the town account over the years. █████ expressed that if hoses on machinery needed replacing it was likely the result of a hose blowing. █████ commented that in such a scenario, it was likely that a certain quantity of hydraulic fluid would be lost in the process. Like replacing a bundle of hoses as opposed to a single one, █████ said it was common in industry to replace the fluid reservoir to give the operator piece of mind that the machinery would operate as expected.

The only other part number of interest was PFS 1002-30069. █████ advised this was a mechanical fuel pump. █████ noted this was an old part number under the Parts Plus system. █████ explained Sanel had since switched to a different fuel pump provider. The new corresponding part number was identified as AIR1105 (which was made by Airtex). In researching the old part number, there was some suggestion that it was for John Deere products, however the book did not specify the number of engine cylinders for which this fuel pump was designed.

█████ was able to print a copy of the invoice (cost \$53.55) for this particular purchase. There was some reference in this documentation that the fuel pump was used in a four cylinder motor. I asked █████ what type of machinery had a four cylinder motor. █████ replied some smaller backhoes had four cylinder motors. █████ offered that he could do more research on the fuel pump to see if it was specific to a particular brand or line of vehicles.

Overall, for all of the purchases on the Town of Victory account held at Sanel that were designated as suspicious by █████ for the period of 2011 through 2013, only one (1) item - a fuel pump valued at approximately \$54 - raised possible concern about not having a nexus to equipment owned by the Town of Victory. Even then, this was not a conclusive finding. All of the other items were generic in nature and having a potential nexus to equipment owned by the Town of Victory. *resolved auto parts purchases as non criminal*

On 09/08/16, at approximately 1046 hours, █████ left me a voicemail message. In his message, █████ advised he had received a call from █████. During their conversation, █████ suggested █████ had paid her taxes by bank check and had a receipt for the payment. █████ said he understood at the meeting █████ claimed there was no receipt issued to █████. Also █████ stated

that [REDACTED] paid his property taxes in cash, however there was no of that being deposited either.

It should be noted that [REDACTED] did later come to the State Police barracks. She had with her a copy of the check. [REDACTED] expressed that she did not want to be part of this investigation and that all she knew was that she paid her taxes with a check. [REDACTED] suggested she did not believe there was anything underhanded and did not want to say anything further.

At approximately 1250 hours, I spoke with [REDACTED] [REDACTED], who had served as road foreman for the Town of Victory from March 2013 until March 2016. I explained to [REDACTED] about the purpose of my call. [REDACTED] told me he recalled being asked by [REDACTED] about average fuel usage for the two (2) town vehicles. [REDACTED] advised me he now had difficulty remembering what figures he provided [REDACTED]. I informed [REDACTED] that [REDACTED] had used a figure of five (5) gallons per hour. I asked [REDACTED] if this was consistent with his experience. John answered that this was probably accurate if you were working the truck hard, however in his experience the fuel usage varied [REDACTED] offered that when using the truck for plowing, it would use more fuel than if completing a less taxing task such as sanding.

When we spoke about the road grader, [REDACTED] reminded me that [REDACTED] had only operated the old town grader (the town had since acquired a new one). [REDACTED] identified this old road grader as a John Deere 672B road grader (6 cylinder model). [REDACTED] thought the year was a 1989 or 1990, but was not certain. [REDACTED] indicated that old grader used perhaps as much as ten (10) gallons of diesel fuel in a hour and roughly 60 to 70 gallons of diesel fuel in an eight (8) hour day. [REDACTED] commented that the new grader used even more fuel than the older John Deere model. When asked, [REDACTED] said he was able to complete the basic maintenance on his own.

At approximately 1303 hours, I called the Nortrax location in Williston, VT. Nortrax is a John Deere construction equipment dealer. I spoke with [REDACTED]. I asked [REDACTED] if she could identify a manufacturer specification for fuel consumption on an older model John Deere road grader. I provided [REDACTED] with the model number. [REDACTED] replied that for models of such age, she did not believe John Deere provided a published fuel consumption rate. [REDACTED] said she would talk to the sales department for confirmation. [REDACTED] confirmed that the current model of commiserate road grader (672G) did have a published fuel consumption rate, however no such corresponding data was available for the 672B model. [REDACTED] advised they had reviewed the John Deere specifications for that model and a fuel consumption rate was not identifiable.

[REDACTED] agreed to e-mail me the current published fuel consumption rates for John Deere equipment. I received an e-mail from [REDACTED] at 1315 hours. Attached to the e-mail was an excel spreadsheet. Both the e-mail and spreadsheet were printed out and filed with the case. The following information was obtained from the spreadsheet.

MODEL	FUEL (US GAL/HR)			FUEL (L/HR)		
	LOW	MED	HIGH	LOW	MED	HIGH
Motorgraders						
670G Stage II	1.5	2.7	3.8	5.8	10.1	14.3
670G Tier 3, and Stage IIIA	1.7	3.2	4.6	6.6	12.1	17.6
670G FT4 and Stage IV	1.9	3.4	5.1	7.4	13.0	19.2
672G Stage II	1.9	3.2	4.6	7.2	12.3	17.5

could not establish conclusively the fuel consumption as figure placed on the invoice could

672G Tier 3, and Stage IIIA	2.0	3.5	4.9	7.6	13.1	18.6
672G FT4 and Stage IV	2.3	3.8	5.5	8.7	14.4	20.7

Overall, based upon the testimony of [redacted] and the information provided by John Deere, the five (5) gallon standard used by [redacted] in her comparisons did not appear to be supported by independently gathered evidence.

At approximately 1315 hours, I met with SA Illuzzi and reviewed with him my findings. As a result of the information from John MacDonald as well as the lack of published fuel consumption by John Deere for the series road grader owned and operated by the Town of Victory for the period of interest, SA Illuzzi advised that he did not feel he could sufficiently support the consumption figure of 5 gallons per hour cited by [redacted]. Likewise, SA Illuzzi advised the findings regarding the Sanel account and the discrepancies identified by [redacted] produced no clear evidence of fraud and should particular transactions be determined as fraudulent, the total amount was well below the figures cited in [redacted] report. SA Illuzzi indicated the findings of the investigation clearly supported that there were questionable account practices on-going for the time period of interest.

During the meeting, SA Illuzzi contacted [redacted]. [redacted] noted that he no longer represented the Town of Victory and referred us back to the report. [redacted] indicated he did not have much else to offer beyond what was documented in the report.

SA Illuzzi determined that based upon the findings of this investigation, there was insufficient evidence for meet the probable cause standard for criminal conduct. The reader of this report should refer to any reports drafted by Batchelder Associates for discussion of town accounting practices during the time period in question.

SA conclusion

On 09/12/16, at approximately 1640 hours, [redacted] left me a voicemail message advising she had heard from [redacted] that I was looking to meet with the two (2) of them. [redacted] requested I give her a call when convenient.

On 09/14/16, at approximately 0847 hours, I received a call from [redacted] regarding this investigation. During the conversation, [redacted] advised she had watched [redacted] fill her vehicle with bags that contained town records. [redacted] indicated she had called Sanel Headquarters to get copies of purchased billed to the Town of Victory account. I discussed with [redacted] the procedures taken in the investigation to assess the complaint and why SA Illuzzi had determined that charges would not be filed.

At approximately 1029 hours, I contacted Attorney Bucknam and advised that this investigation was considered closed with no charges forthcoming.

On 09/21/16, I did receive an e-mail from FBI SA Greg Simmons indicated that he had heard from [redacted] that the [redacted] matter had been closed. SA Simmons and I subsequently spoke by telephone and I explained what the findings were of the investigation. He thanked me for the follow-up and said he would denote the case status update in their files.

End of involvement. Case Closed - Cleared Adult Prosecution Declined.

Law Supplemental Narrative:

Seq Name Date Supplemental Narratives
1 Petersen, D 08:13:48 06/21/2016 Narrative

PI: [REDACTED] [REDACTED] by Detective Sergeant (D/SGT) David Petersen on 05/31/16

CASE #: 16B100086

Lead #: Not Applicable

Officer: D/SGT David Petersen

Person Interviewed: [REDACTED] DOB: [REDACTED]

List of Exhibits:

- 1. One (1) CD of interview with [REDACTED] [REDACTED] on 05/31/16 (file name DS400342).

Narrative:

On 05/27/16, I met with [REDACTED] and her attorney Deborah Bucknam. Towards the end of that meeting, I confirmed to [REDACTED] that I would be interested in meeting with her husband [REDACTED] regarding this investigation. [REDACTED] indicated that [REDACTED] would likely be willing to speak with me and suggested she would let him know of my interest.

On 05/31/16, at approximately 0717 hours, I received a voicemail message from [REDACTED]. In the message, [REDACTED] advised he had heard I was interested in speaking with him. [REDACTED] expressed an interest in doing so and inquired if we could schedule some time later that day.

[REDACTED] called me again around 0800 hours. We agreed to meet at the barracks at 1400 hours to conduct the interview. It should be noted that [REDACTED] volunteered to meet with me at the barracks even though I offered to conduct the interview elsewhere if he preferred.

Around 1350 hours, [REDACTED] arrived at the barracks. [REDACTED] agreed to let the interview be recorded. The recording was commenced at approximately 1356 hours. The interview was conducted in the conference room at the barracks, which is accessed through the public lobby. The door to the lobby from the conference room is not locked. [REDACTED] was positioned closest to the door throughout the interview. Prior to asking [REDACTED] any questions, I informed him that he did not have to talk to me if he did not want. I further informed [REDACTED] that should he elect to answer questions, he may choose to stop doing so at any time. Additionally, I told [REDACTED] that he was free to leave at any time and that he was not under arrest. I pointed to the door and offered that he could simply walk out if he wished. [REDACTED] suggested to me that he understood each of these points.

The following is a summation of the interview. For additional details, refer to the recording of the interview.

At the start of the interview, when asked, [REDACTED] advised, it was his

understanding that I wished to speak with him about the findings of a forensic audit performed on the accounting records of the Town of Victory. [REDACTED] provided me with a summary of what he understood to be contained in the audit report. [REDACTED] added that he believed the audit report to contain inaccurate information and furthermore stated that there were computations in the report that were incorrect. [REDACTED] remarked that the audit report pointed the finger at him. Amongst the claims as [REDACTED] understood them were questions about the hours he had billed the town for work performed. [REDACTED] noted that the accountant performing the audit figured approximately five (5) gallons of diesel fuel were used by the equipment on average an hour. With this number, the audit report suggested that the number of hours [REDACTED] reported on his time sheet should be equivalent to the number of hours the equipment ran based upon total amount of diesel fuel consumed.

[REDACTED] pointed out to me that if a review of the notes were made on the spread sheet completed by the accountant, it could be seen that some of the billed hours were for maintenance he performed on equipment. [REDACTED] noted that equipment is generally not been run when maintenance was performed and therefore no diesel fuel consumed. [REDACTED] highlighted one (1) particular pay period in which he performed 18 hours of equipment maintenance on the town grader. [REDACTED] said the audit report claimed he was inflating the number of hours worked because the diesel fuel usage was not equivalent to the five (5) gallon an hour average (90 gallons less used than anticipated based upon the 5 gallon an hour baseline). *or inflation*

[REDACTED] told me that he understood there were accusations that he had double billed the town on hours. [REDACTED] maintained that the accountant had taken the number of equipment rental hours booked to the town and then added that number to the number of hours worked billed to the town as a basis for this claim. [REDACTED] pointed out that to perform work, the town needed to pay labor rates to an individual to operate the rented equipment. As such, the per hour labor cost was on top of the per hour equipment rental cost. [REDACTED] reiterated that labor hours were not always incurred as a result of operating equipment.

[REDACTED] shared that he understood there were some questions about the town charge accounts noted on the audit report as well. [REDACTED] said he always reviewed the receipts submitted and that these matched the town equipment. [REDACTED] indicated his wife ([REDACTED] who was the town clerk at the time, was a stickler on such review. [REDACTED] maintained that he was not aware of anything that would suggest inappropriate conduct pertaining to these town accounts.

[REDACTED] verified that as of the time of the interview, he was a member of the Town of Victory selectboard, having been elected earlier that spring. I asked [REDACTED] when he served as Town of Victory Road Foreman. [REDACTED] responded from 2001 through 2013. [REDACTED] indicated he worked on the town crew from 1997 through 2001 as a town selectman held the formal title of Road Foreman during this period. [REDACTED] suggested he was essentially performing the same duties in the earlier period (1997-2001) as he was in the later period (2001-2013).

[REDACTED] identified a dump truck and a grader as the equipment owned by the Town of Victory while he was Road Foreman. [REDACTED] said he further rented to the town a loader in the winter months for sand duties and as needed in the summer; along with an excavator that was rented to the town for special needs and road projects such as digging ditches and installing culverts. I asked [REDACTED] if there were any other pieces of equipment for which the Town of Victory was billed. [REDACTED] offered that he owned a bulldozer as well and the town may have rented this piece of equipment if he got into a pinch. [REDACTED] stated that he volunteered his own time and equipment for completing work at the cemetery,

though towards the end of his tenure, the town selectboard suggested he get paid for this work as well, so he billed the town at his hourly wage of \$15 an hour, but continued to donate the use of his equipment. [REDACTED] estimated this arrangement was in place for the last five (5) years or so. [REDACTED] also noted that on occasion, he contracted with kids to complete a certain amount of the roadside mowing. [REDACTED] stated that he paid the kids for their help out of his own pocket.

I asked [REDACTED] at which commercial establishments the Town of Victory held charge accounts. [REDACTED] identified Sanels in St. Johnsbury, Napa Auto Parts in St. Johnsbury (now defunct), Nortrax for John Deere parts, Howard Fairfield Inc. for truck body and snow plow parts, Stratum Tire, and Fastenal for nuts and bolts. [REDACTED] noted that it was rare that he bought tires without pre-approval from the selectboard. [REDACTED] advised for the most part, it was apparent when new tires needed to be purchased. As such, he would go to the selectboard with the need and would receive approval for the purchase. [REDACTED] added that usually he was instructed to shop around for the best price. Regarding purchases from Fastenal, [REDACTED] indicated the bill typically never totaled more than \$10 or \$15. As such, [REDACTED] said he usually paid out of pocket and then submitted the receipt for reimbursement. [REDACTED] told me this was easier than having the clerk go through all of the paperwork necessary for billing to the town account. As we were talking about the Fastenal account, [REDACTED] suggested that there was a slip that he had forgotten about, for which he did not get reimbursed. [REDACTED] estimated the total bill had been in the vicinity of \$15 and remarked he was not overly worried about getting reimbursed.

I further asked [REDACTED] what guidelines he was given for use of the town charge accounts. [REDACTED] responded that he did not believe he was given any guidelines. [REDACTED] offered that is practice was that if he had plans to buy anything then he brought it before the selectboard for approval. Once approval was received, he would then proceed with the purchase. [REDACTED] said only in emergencies did he proceed with purchase prior to selectboard approval. Later in the interview, I asked [REDACTED] if he was ever provided written guidelines or expectations as it pertained to accepted use of town charge accounts. Walter replied that he was not provided any such written guidelines. [REDACTED] reiterated that he had been in business for himself for many years and was well-versed in the importance of keeping detailed records.

[REDACTED] more specifically identified the town owned equipment as a 2000 International dump truck and a road grader. According to [REDACTED] when he first served as road foreman, the Town of Victory owned an early 1980s model Komatsu road grader. Around 2004, [REDACTED] advised the town sold the Komatsu grade and purchased a John Deere grader. [REDACTED] indicated these were the only vehicles that would require parts or equipment to be purchased on the town charge accounts. I asked [REDACTED] about the equipment he owned. [REDACTED] replied that is equipment consisted of Ford trucks. [REDACTED] acknowledged owning a John Deere bulldozer as well as a Kato backhoe. When asked, [REDACTED] advised the parts that went to the Town of Victory grader would not be duplicates for the parts that went to his bulldozer. The reason for this according to [REDACTED] was that the age of the two (2) machines differed significantly. [REDACTED] told me the bulldozer and grader had different motors with different number of cylinders, meaning a part for one would not also work on the other. Likewise, the parts for the International truck would not fit on [REDACTED] Ford truck. [REDACTED] noted that he did own some other John Deere equipment, but it was part of the farm division and the parts differed from the commercial construction equipment. According to [REDACTED] parts for the farm equipment had to be acquired through Harvest

Equipment and the Town of Victory did not have an account with Harvest Equipment. [REDACTED] further informed me that Nortrax, supplier of parts for John Deere commercial equipment, did not provide parts for John Deere farm equipment.

I specifically asked [REDACTED] if there was any occasion where Town of Victory accounts were used to purchase parts for equipment he personally owned. [REDACTED] could only identify one (1) such instance. [REDACTED] indicated in 2012 or 2013 he was working on a section of ledge for a town lot. [REDACTED] advised he broke a couple of teeth for his excavator while doing the work and needed to order replacement teeth right off to complete the job. To expedite things, [REDACTED] advised he ordered the necessary parts on the down account, but later paid the bill himself. [REDACTED] maintained that he could produce a cancelled check to prove that he paid the bill with his own funds. [REDACTED] pointed out an argument could be made that since the equipment sustained broken parts while doing work for the town, he could have billed the town for the replacement parts. Never-the-less, [REDACTED] said he was not looking to quibble over the cost. [REDACTED] advised he could not recall another occasion where he signed for a purchase on a town account that was not for the town dump truck or town grader.

[REDACTED] and I spoke further about the hours he billed the Town of Victory. I asked [REDACTED] to estimate, based upon his experience as Road Foreman, the average fuel consumption for the International dump truck. [REDACTED] responded that this was difficult to gauge as different use (plowing versus sanding for example) resulted in different rates of fuel consumption. [REDACTED] told me that on average, he could complete plowing operations from two (2) snow storms on a tank of fuel with roughly a quarter tank of diesel remaining. [REDACTED] advised the dump truck had a 35 gallon fuel tank and two (2) snow storms represented roughly eight (8) hours of usage. In comparison, [REDACTED] commented that he could get three (3) or four (4) trips on a tank if he was only out sanding.

Overall, based on his experience, [REDACTED] felt that the five (5) gallon an hour figure used in the audit was not accurate. [REDACTED] remarked that typically he would use between 40 and 45 gallons of fuel in the grader during a 10 hour work day if the grader was being run hard throughout the day. [REDACTED] advised he never ran the dump truck hard throughout the day, so he could not provide a similar comparison, but estimated that roughly 26-27 gallons were used in an 8 hour period. [REDACTED] commented that the dump truck was not used that frequently. [REDACTED] pointed out that the International dump truck was 13 years old when he resigned as Road Foreman. In that time, the truck had only accumulated 37,000 miles. [REDACTED] also noted there were other variables in fuel consumption as well, such as temperature and vehicle performance. [REDACTED] added that he owned a one (1) ton Ford dump truck, with which he maintained the lots of the town clerk's office and around the mailboxes, but he never billed the town for equipment rental when doing such tasks.

Together, [REDACTED] and I looked at the chart covering the 2009 billed hours included within the forensic audit report. [REDACTED] immediately pointed out that there were multiple errors in the calculations on the chart. For instance, he pointed out that the sum of the total number hours was inaccurate. The chart listed the total number of hours at 640 when the correct sum was actually 706.5 hours. Also, [REDACTED] pointed out the chart listed the total cost for diesel fuel at \$8183.77, when the correct tabulation was actually \$6253.01.

Math errors in forensic audit

We discussed the activity of 2009. [REDACTED] noted that in June 2009, a new class four (4) road was built in town. This action necessitated the hauling of gravel

as well as stumping the new road surface. [redacted] remarked that he used the excavator extensively on that particular job and paid for the diesel fuel for the excavator on his own. The only fuel bill sustained by the town for that job was for work completed by the grader and dump truck. [redacted] suggested that the reason the fuel to work ratio was particular low for that period was because he used his personal equipment more frequently and paid the fuel bill for that equipment personally.

It will be hard to prove he billed for hours not worked as opposed to simply not charging for all of the fuel he used.

As for 2010, the tabulation for overall average fuel consumption should be calculated at 2.887 gallons per hour. [redacted] questioned the validity of the other findings contained within the audit report if some of the calculations contained within were incorrect. [redacted] further pointed out that in 2015, the Town of Victory contracted out all road services. [redacted] suggested that although the town road foreman completed no plowing, no sanding, no road maintenance projects, spread no chloride on the roads, nor mowed any grass, he was paid a salary estimated to be \$13,900. [redacted] said he compared this figure to his W2s and found that in his busiest years, when he was performing most of the work himself, the most compensation he ever received from the town was a little more than \$12,000. On top of the salary paid to the road foreman, [redacted] advised the town contacted out the actual work that was performed (suggesting an additional cost).

According to [redacted] he would quote a cost per hour to the Town of Victory for renting construction equipment (loader, excavator, bulldozer) he personally owned. [redacted] maintained this agreement also recognized the cost of an operator for this equipment (\$15 an hour) was above and beyond the hourly rental rate. I asked [redacted] the rental rate he charged the town for his equipment. [redacted] said that his charged \$75 an hours for use of his 45,000 pound excavator and \$40 an hour for the loader. [redacted] offered that a comparable commercial hourly rental rate on the open market for the excavator would have been roughly \$130 an hour and \$75 an hour for the loader. [redacted] again reiterated that when he was billing the town for equipment maintenance, the rate/amount of diesel fuel used would be lower.

He charged the town a lower equipment rental rate than other commercial customers

I asked [redacted] if a written contract had been in place for the rates charged to the town for the rental contract. [redacted] answered that there was no such written contract. Rather, [redacted] said the contract was a verbal agreement made between back in the 2001 or 2002 time frame. [redacted] told me that when it came to performing road work, particularly in times of an emergency, he typically worked more than eight (8) hours a day until the project was completed. At the same time, [redacted] pointed out that he did not charge the Town of Victory overtime rates for the hours exceeding eight (8). [redacted] suggested that when the chart claimed he billed 6.4 weeks of time (when a typical work week consisted of 40 hours) in a single month of time, that was because he actually worked that many hours as he was always a believer in getting the project completed as quickly as possible. [redacted] added that mowing was a contracted payment, therefore no additional rental equipment cost was incurred by the town.

[redacted] advised he would always send the town a separate bill for the equipment rental cost. On his timesheet, he would reflect the number of hours worked. [redacted] suggested that ultimately he received a fee for renting his equipment to the town and was paid a salary for operating said equipment. [redacted] remarked that this arrangement went on for quite some time and there was never a hint of discontentment over the agreement. [redacted] went so far as to say that he had always gotten along with the town selectboard members.

██████████ and I also discussed the suggestion that no W2s were filed by the town for the salary paid to ██████████ indicated he was unclear as to where this information originated. ██████████ told me that he had W2s for each of the years he worked for the town along with the 1099s for the rental equipment payments. ██████████ agreed that these documents could be produced as part of this investigation, noting that ██████████ had all of the documents at the house. I provided ██████████ with my e-mail address and requested he had ██████████ e-mail me scanned copies of the W2s and 1099 forms for the years covered in the forensic audit (2009-2012).

Near the end of the interview, I asked ██████████ about the accusations of him participating in the destruction on town records. ██████████ denied doing any such thing.

At the end of the interview, ██████████ swore to the ██████████ of the facts presented in the interview. A sworn recorded statement form was completed. This form was later filed with the case.

At approximately 1458 hours, the recording was concluded. ██████████ then departed from the barracks.

End of narrative.

Law Supplemental Narrative:

Supplemental Narratives
Seq Name Date Narrative
2 Petersen, D 12:58:52 06/22/2016
PI: [REDACTED] by Detective Sergeant (D/SGT) David Petersen on 05/27/16

CASE #: 16B100086

Lead #: Not Applicable

Officer: D/SGT David Petersen

Person Interviewed: [REDACTED]

List of Exhibits:

1. One (1) CD of interview with [REDACTED] on 05/27/16 (file name DS400341).
2. Printout of photograph of letter purportedly sent to [REDACTED] son Andrew.

Narrative:

On 05/27/16, at approximately 1500 hours, I scheduled a meeting with [REDACTED]. This meeting was held at the law office of Bucknam and Black in St. Johnsbury. [REDACTED] was accompanied by her attorney Deborah Bucknam at the meeting. It should be noted this agreed upon time had been rescheduled a few different times to accommodate the various schedules of the persons involved.

I arrived around 1510 hours. With the agreement of [REDACTED] and Deborah, the interview was recorded. The recording was commenced at approximately 1511 hours. Prior to asking any questions, Deborah announced that she had advised [REDACTED] of her right to remain silent and as such, she ([REDACTED] was aware she did not have to speak with me. Knowing this, Deborah advised [REDACTED] was willing to speak with me at that time. It should be noted that [REDACTED] and Deborah had obtained through a public records request, many of the documents reviewed by [REDACTED] as part of the forensic audit. It was pointed out to me that when the documents were delivered, they were in a state of disarray. [REDACTED] had taken time to organize these documents and made use of them to point out details to me during the interview.

The following is a summation of the interview. For additional details, refer to the recording of the interview.

[REDACTED] verified she served as the Town Clerk in Victory from March of 2004 through November 27, 2013. When asked, [REDACTED] indicated that she did not have any official assistants, though [REDACTED] would occasionally assist her with filing duties. [REDACTED] advised [REDACTED] did not have any desire to obtain an official position at the Town Clerk's Office. [REDACTED] verified she did have a conversation with [REDACTED] about assuming the duties of Town Clerk upon her ([REDACTED] resignation, but [REDACTED] hoped that [REDACTED] would not be brought into this investigation. Ruther added that she had consulted with the VT League of Cities and Towns about appointing Marlene as a replacement upon her resignation. [REDACTED]

confirmed that [REDACTED] did not sign any checks while [REDACTED] served as the Town Clerk. [REDACTED] believed she was the only individual to sign any of the checks issued by the Town of Victory.

[REDACTED] discussed with me the process of issuing checks. According to [REDACTED] the Town of Victory selectboard met once a month. [REDACTED] said during the month, bills would come due. [REDACTED] would review the bill and then create a board order. According to [REDACTED] the board order listed the bills that needed to be paid and how much was owed. At the meeting, the selectboard would review the board order and then sign it, authorizing payment of the listed bills. [REDACTED] told me that after she paid the bill, she wrote the check number into a column on the board order. [REDACTED] advised there was the occasional exception, where the selectboard crossed out an item on the board order.

[REDACTED] maintained that when she commenced serving as Town Clerk, the selectboard authorized her to pay some bills without waiting for a board order if it would save the town money. [REDACTED] cited several examples such as: making a payment for fuel if the vendor offered a quick payment discount, paying utility bills on time to avoid a late payment, small office supplies, and stamps/postage necessities. [REDACTED] commented that even though she was given this authority by the selectboard, she attempted (if she remembered) to add these expenses to the next month's board order to ensure the selectboard was aware of the expenditures. [REDACTED] verified that if the acquisition was a larger purchase, then she would submit the expense onto a board order for approval before the purchase was made. [REDACTED] indicated she attached receipts, personnel timesheets, and bills to the board orders for selectboard member review.

[REDACTED] pointed out that the forensic audit performed by Batchelder Associates suggested that there were a significant number of checks written with no invoices or back up. [REDACTED] said she had gone through the records for the years covered in the audit herself and could only identify three (3) checks which were not accounted for on the board orders. These checks were identified to me as follows:

- 1343 - a payment made to the IRS for payroll withholdings
- 1479 - a payment made to John Fike who was contracted by the town to complete reappraisal work
- 1496 - a payment made for the educational taxes due from the town ([REDACTED] advised she believed this payment was required by state law)

[REDACTED] remarked that all of these checks were issued in 2009 and all were verified as having clear through the bank. Deborah interject that the forensic audit report suggested there were discrepancies, however their research found no records to support such an assertion.

[REDACTED] commented that she was a nurse by trade and not a bookkeeper, however, she did what made sense. [REDACTED] spoke about photocopying checks as they were received at the Town Clerk's Office, along with deposit slips and deposit verifications. [REDACTED] pointed out there was no instance for which a deposit could not be accounted (in [REDACTED] words, this showed that she was not diverting money to support her personal expenditures). [REDACTED] did not answer when asked if a check was ever written in the wrong amount, but acknowledged there were occasions (at least once, maybe twice) where a correction was made by the bank due to a tabulation error. When such corrections were received, [REDACTED] maintained the bank notice was filed.

[REDACTED] raised the topic of town record destruction. [REDACTED] advised she understood there were claims made that assistance was needed from the bank to get all new bank records because she ([REDACTED] had destroyed records. [REDACTED] further indicated that rumors were circulating about people ([REDACTED] specifically referenced [REDACTED]) following her husband ([REDACTED] to their burn pile and watched [REDACTED]

burn records. [redacted] confirmed [redacted] did have a burn pile, but was cut off by Deborah, and told not to say more. [redacted] offered there was an area in their yard used as a burn spot, to which an individual might have been able to follow [redacted] however [redacted] noted this location was approximately a quarter mile into their property, so she believed it likely [redacted] would have noticed the presence of this other person.

[redacted] pointed to the documents on the table and sarcastically remarked that these were the documents she supposedly destroyed. According to [redacted] to maintain organization, she stored records for each year in a three ring binder. [redacted] maintained all of the bank records were stored in these three ring binders. [redacted] grabbed some of the records she had received through the public information request and pointed to the left side of the documents. I could see the copies showed three holes punched in the left side of the original document, consistent with the manner of filing described by [redacted] further pointed out that on some of the copies she received, her handwriting was still on the original documents. [redacted] maintained the fact that original documents had the three holes punched, along with the presence of her handwriting on some of the documents, was suggestive that the documents received for the forensic audit were the same ones filed by [redacted] while serving as the Town Clerk. As such the claims that she or [redacted] destroyed the documents were inaccurate.

Hard to prove destruction of public records

When asked, [redacted] initially maintained it was not possible that there could have been another source for the documents acquired for the forensic audit, though she later backed off this assertion. [redacted] agreed she had misplaced receipts, but stated she did not participate in the destruction of town records. Regarding the occasions where she issued a check without first receiving authorization through a board order, I asked [redacted] if in her research, she had found any discrepancies in the check amounts to what was written to the board orders. [redacted] advised she had found no such discrepancies and if any existed excused them as entirely erroneous for whatever reason and she could not imagine that happening with any frequency. [redacted] added that she had little doubt that she had made some mistakes while serving as Town Clerk, but she took what she considered to be a common sense approach. At the same time, [redacted] denied willfully misappropriate or misdirect any funds.

We spoke further about the town report. [redacted] acknowledged there was an occasion where she failed to correctly document the delinquent property tax roll. As to what this error consisted of, [redacted] offered that she had failed to identify someone in the town report that owed past taxes, later caught this error and fixed it. [redacted] believed there was only one (1) entity that was failed to be listed, though she could not specifically remember. [redacted] could not identify the year in which this error was made, however she remarked that it was a long time ago. [redacted] reiterated the issue was that the entity was not listed in the delinquent tax roll, it was not as though [redacted] had wiped their tax bill clear. In explaining how this error transpired, [redacted] advised that when she typed up the delinquent property tax roll, apparently at least one (1) listing fell off the list somehow. [redacted] was unclear as to how this oversight occurred. As she thought about it further, [redacted] thought the error was in a town report issued prior to 2009. [redacted] thought the property in question was one on Granby Road. [redacted] said she thought the error in the delinquent property tax roll only occurred one (1) year. [redacted] told me she was not aware of any other errors contained in the town reports she produced outside of this mistake on the delinquent property tax roll. [redacted] went on to say that her understanding of VT statutes was that the Town Auditor was supposed to complete the town report, however their elected Town Auditor did not want to take the responsibility to complete the report, so [redacted] went ahead and authored the report so one was completed.

In light of these issues, the town voted to move to use of an outside, independent auditor. [redacted] said she supported this move and identified AM Peisch, a certified public accounting firm, which agreed to take on the work. [redacted] pointed out one of the problem areas for a small town like Victory was that the standard checks and balances in an accounting system cannot be met due to the overlap of duties (for instance the same person that writes the checks also balancing the checkbook). According to [redacted] a focused procedures audit was proposed. [redacted] stated the town was interested in knowing if the money was where it was supposed to be and were there any improvements that could be made. [redacted] noted that an audit of 2012 was performed to get a baseline. Errors were found as part of this audit. After 2012, the plan was to continue with audits in six (6) month segments. This would avoid a rush around the time when the town report needed to be prepared. [redacted] said the audit found that in one quarter of the year, there was an error with the percentage of federal withholdings for payroll. [redacted] advised she was instructed to issue refunds (less than \$20) to the impacted employees. The only employees on the town payroll at that time according to [redacted] were [redacted], her husband [redacted] and herself. In addition to issuing the refunds, corrected W2s were submitted as well. [redacted] indicated she was given some recommendations regarding entries in the town report as well. Overall, [redacted] impression was that AM Peisch was very helpful. [redacted] remarked that she understood the new town administration discharged AM Peisch in favor of [redacted]

[redacted] advised one of the reasons she was so upset over this situation was the lengths to which the accusations had gone. I was informed that [redacted] son [redacted] received a letter in which it was alleged that [redacted] had been using her sexual abilities to have the auditor from AM Peisch keep his mouth shut and avoid having a \$300,000 discrepancy disclosed (I was provided with a printout of a photograph of this letter). Likewise I was informed that correspondence was reportedly sent to the Nursing Board in an effort to have [redacted] nursing license revoked. [redacted] maintained that the outside world may look at the events transpiring in Victory as an on-going feud, she had never taken any action to defame an individual affiliated with the other group of townspeople. [redacted] claimed she had received countless pieces of hate mail, been threatened, had her children harassed, and her livelihood threatened. [redacted] was unclear what it was, but she felt this went beyond a feud to the point where she was being targeted. [redacted] advised this had been on-going for three (3) plus years, and mentioned filing some of the correspondence with the Essex County Sheriff Department.

*Town insight
will be a
distraction to
prosecution*

I asked [redacted] if there were ever a case where the town assets were incorrectly listed in the town report. [redacted] replied it was possible, but she had no idea. When later asked about the town investments ([redacted] verified the Town of Victory had six [6] or seven [7] CDs that were considered perpetual care accounts), [redacted] believed these always appeared in the town report. One of the things Batchelder noted in the audit was that [redacted] had not reported petty cash on the town report. [redacted] agreed she did not do this and was unaware that there was an expectation to do so. [redacted] remarked if there was a large amount of funds in petty cash at the end of the year she would deposit it into the bank. [redacted] verified she did keep a ledger pertaining to the petty cash. The 2011 petty cash ledger displayed to me by [redacted] showed that the petty cash fund never exceeded \$500. [redacted] was unable to locate a copy of the 2012 petty cash ledger, but also displayed for me the 2013 petty cash ledger which indicated the balance never exceeded \$300. [redacted] shared that over time, the sophistication of her account practices grew, which was reflected in the various adaptations on the petty cash ledger. [redacted] further showed me how a cross comparison could be performed between the petty cash

ledger and the incoming funds accounting log.

We spoke further regarding land transactions and the grand list irregularities as it pertained to total acreage. [redacted] informed me that [redacted] knew nothing of lister functions. Amongst her responsibilities were to file the property transfer form, record the deed and then sent it back to the attorney, place a copy in the file for the listers, send the check in to the State of Vermont, and note the recording fee paid to the town. [redacted] advised any changes made to the grand list were completed by the town listers. According to [redacted] the grand list had to be filed once a year, which was compiled by the town lister and then certified by the town clerk. [redacted] indicated it had been an on-going complaint amongst town residents that the tax maps had not been redone since 1995. As to any possible reasons for variance, [redacted] recalled there were 11 acres that Washburn Lumber gave to the State of Vermont as conservation lands. [redacted] also mentioned in 2009 the Elizabeth Brown Humane Society bought a property on Masten Road. As a non-profit organization, this property also came off the grand list as taxable property.

Regarding the leased lands, [redacted] said there was absolutely nothing done with the leased lands when she arrived in 2004. [redacted] advised she found a piece of paper in the vault that led to her discovery of the existence of these leased lands. According to [redacted] most of the leased lands are to the State of Vermont. [redacted] learned that records were supposed to be kept regarding the value of lands and payments made. [redacted] told me there was only one (1) parcel that was leased to a private individual. [redacted] identified this parcel as lot 1, range 3, which was rented in the amount of \$6 to [redacted] (glebe lands). [redacted] went on to explain how the town was divided upon creation. Lotteries were held for the lots, of which some were held as glebe lands, which were reserved for the school, the church, and other such institutions. The point was that the money that came from these lots supported the associated institution on the property. [redacted] identified these as perpetual leases. With concern over leaving these records behind, [redacted] advised she turned the leased land records over to the town attorney (later verified as accurate with a letter turned over by Deborah Bucknam from the law office of Tarrant, Gillies, and Richardson in Montpelier). [redacted] spoke of completing historical research on all of these lots and this work was filed with the records. It was surmised by Deborah, based upon the content of the forensic audit report, that Batchelder was unaware of the existence of this notebook. Deborah claimed that when Batchelder first commenced with the audit, an offer was made to sit down and discuss any questions she might have. I was told this offer was never accepted.

lease & boundaries

The discrepancies reemerged in the conversation. [redacted] noted that having gone through the records, there were some that were consistently missing documentation. [redacted] advised consistently the board orders failed to document payments made to the IRS. [redacted] wondered if this was one of the discrepancies referred to in the forensic audit report. [redacted] proposed that if asked, she would have been able to share that in the folder containing the monthly bills, also present was a voucher from the IRS along with a spreadsheet related to personnel costs. Once the selectboard meeting was concluded, [redacted] would remove the IRS voucher and place the spreadsheet back into her notebook where she stored the withholding information. [redacted] indicated she would then photocopy the voucher as well as the check submitted to the IRS, then file them in a separate folder pertaining to the IRS.

The fact that each board order is consistently missing the documentation for the IRS payments suggested to [redacted] that the audit performed never cross-referenced the IRS folder. [redacted] reiterated that a simple consultation with her could have

As part of the forensic audit, the amount was never spoken of with who [redacted] she could answer everything.

cleared this all up. I asked [redacted] if [redacted] was issued a 1099 form for the equipment rental fees paid by the Town of Victory. [redacted] maintained there was. [redacted] said the 1099 forms should be stored in the IRS folder. If not, [redacted] said she could provide her own copies of the 1099 forms as verification of these documents having been issued.

[redacted] denied ever issuing [redacted] a check that was not approved in the board orders. [redacted] said she was always very careful about this in an effort to maintain transparency. [redacted] shared that when she first started there were a couple of people that squeaked about a conflict of interest, so she redoubled her efforts to avoid suspicion. [redacted] said whenever [redacted] purchased something for a town truck, she was always demanding an invoice.

[redacted] also denied there ever being an occasion where a payment for taxes was made but not documented. [redacted] clarified that her documentation consisted of photocopying the checks and putting them on the deposit. [redacted] reiterated that as she gained experience, the sophistication of her documents grew. For instance, she noted that eventually there was a place on the forms to enter "funds in." I asked [redacted] if any tax payments ever went into petty cash. [redacted] replied that if a tax payment were made in cash, then the money went into petty cash and was held there until it was deposited in the bank. Again [redacted] pointed out entries into petty cash were documented. [redacted] agreed that while they were few, some tax payments were made in the form of cash. [redacted] recalled that occasionally [redacted] paid taxes in cash. [redacted] estimated the amount was around \$240 and advised we were not talking about thousands of dollars.

Near the end of the interview, Deborah indicated that in addition to availing themselves for any questions Batchelder may have, following the public records request, Batchelder was asked to provide all of the checks Batchelder identified as discrepancies. Deborah said Batchelder listed checks, but not any check numbers, making it difficult to know what Batchelder was referring to in identifying as a discrepancy.

At the end of the interview, [redacted] swore to the [redacted] of the facts provided in the recording. The recording was concluded at approximately 1638 hours. It should be noted that [redacted] Deborah and I continued to converse after the recording was concluded, but our conversation was not focused on the particulars of this investigation, rather it largely pertained to addressing the harassment [redacted] felt she was receiving. We also discussed a timeline on when this investigation would be concluded.

End of narrative.

03/17/17
16:50

Vermont State Police, A Troop-Saint Johnsbury
CALL DETAIL REPORT

Page: 3544
1

Call Number: 5936823

Nature: Suspicious
Reported: 14:47:58 01/08/16
Rcvd By: Post, Richard How Rcvd: T
Occ Btw: 14:47:41 01/08/16 and 14:47:41 01/08/16
Type: 1
Priority: 3

Address: 1068 US ROUTE 5
City: Saint Johnsbury

Alarm:

COMPLAINANT/CONTACT

Complainant: , Name#:
Race: Sex: DOB: **/**/**
Address: ,
Home Phone: Work Phone:

Contact: Town of Victory
Address:
Phone: () -

RADIO LOG

Dispatcher	Time/Date	Unit	Code	Zone	Agnc	Description
Post, Rich	14:49:32 01/08/16	371	ASSG	SPB1	SPB1	incid#=16B100086 Assigned to a call call=3271
Post, Rich	14:49:47 01/08/16	371	CMPL	SPB1	SPB1	incid#=16B100086 Completed call clr:RTF call=3271

COMMENTS

forensic audit shows fraud activity

UNIT HISTORY

Unit	Time/Date	Code
371	14:49:32 01/08/16	ASSG
371	14:49:47 01/08/16	CMPL

RESPONDING OFFICERS

Unit	Officer
371	Petersen, D

INVOLVEMENTS

Type	Record#	Date	Description	Relationship
------	---------	------	-------------	--------------

03/17/17
16:50

Vermont State Police, A Troop-Saint Johnsbury
CALL DETAIL REPORT

Page: 3544
2

LW 16B100086 01/08/16 Suspicious 16B100086 1068 US Initiating Call

AFFIDAVIT

COMES NOW [REDACTED], after being duly deposed and sworn, does hereby state under oath as follows:

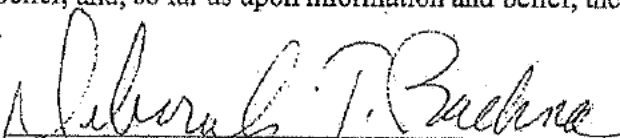
1. I am a resident of Victory, Vermont and a registered voter.
2. I have two stepsons, [REDACTED], both of whom are full time college students in Connecticut. Their residence is Victory Vermont, at my home. They are registered voters in Victory, Vermont.
3. In December 2016, I requested [REDACTED] to send my stepsons absentee ballots for the justice of the peace election. She sent those ballots.
4. I also requested that [REDACTED] sent absentee ballots to my stepsons for Town Meeting election. She sent the ballots.
5. For the April 5, 2017 election, I emailed [REDACTED] to request absentee ballots for my stepsons. She refused in a return email, saying that only parents and grandparents can request absentee ballots. [See attached]

Dated at St. Johnsbury, Vermont this 21st day of March, 2017.

STATE OF VERMONT
CALEDONIA COUNTY, SS.

At St. Johnsbury this 21 day of March, 2017 personally appeared [REDACTED], and, upon oath duly administered, declared the foregoing statements by her to be on the affiant's own knowledge, information, or belief; and, so far as upon information and belief, the affiant believes the statements to be true.

Before me,



Notary Public