



**TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE  
SNS ELECTRICAL INSPECTIONS, P.C.**

**Special Investigation**  
February 17, 2015

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**Justin P. Wilson, Comptroller**





**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

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**Justin P. Wilson  
Comptroller of the Treasury**

February 17, 2015

Commissioner Julie Mix-McPeak  
Department of Commerce and Insurance  
500 James Robertson Parkway  
Davy Crockett Tower  
Nashville, TN 37243

Dear Commissioner Mix-McPeak:

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, conducted a special investigation of selected records related to a former contract electrical inspector with the Tennessee Department of Commerce and Insurance. The results of this special investigation are presented herein.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

Stephanie S. Maxwell, General Counsel  
Office of the Comptroller of the Treasury

SSM/RAD

# **SPECIAL INVESTIGATION**

## **TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE SNS ELECTRICAL INSPECTIONS, P.C.**

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to Susan Searce. Ms. Searce is the sole proprietor of SNS Electrical Inspections, P.C., and from October 2006 to February 2012, operated as a Tennessee Department of Commerce and Insurance contract deputy electrical inspector in the northwest Tennessee area.

### **INVESTIGATIVE RESULTS**

- **Former contract deputy electrical inspector Susan Searce intentionally overcharged electrical contractors at least \$5,033**

During the period March 2011 through November 2011, former contract deputy electrical inspector Susan Searce intentionally overcharged electrical contractors at least \$5,033, resulting in at least \$2,512 excess compensation.

The Tennessee Department of Commerce and Insurance (the “TDCI”) oversees the electrical inspection process of residential and commercial properties in Tennessee. Electrical inspections are performed by inspectors contracted and supervised by the TDCI. The contract inspectors receive 85 percent of the fees collected for inspections they perform upon submission of necessary paperwork to TDCI. TDCI did not pay Ms. Searce 85 percent of the total overcharges because she did not submit some of this paperwork.

Investigators found that Ms. Searce, acting in her capacity as a contract electrical inspector on behalf of TDCI, deliberately overcharged some electrical contractors for electrical permits and related inspections. To facilitate her overcharge scheme, Ms. Searce misclassified some standard inspections as more costly “nonstandard” inspections and, in several instances, charged for inspections she did not perform. Ms. Searce concealed some overcharges by completing multiple permits and by using a computer to prepare multiple inspection forms for single inspections. She also forged contractor signatures on some permits and inspection forms. Ms. Searce submitted the false forms related to the overcharges to TDCI, which resulted in payment of unearned compensation to her. She retained these funds for her personal benefit.

This matter was referred to the respective local district attorneys general. On February 9, 2015, the Dyer County Grand Jury indicted the former contract deputy electric inspector, Susan Scarce, on two counts of Theft over \$1,000.

### **ADDITIONAL ISSUES**

The Tennessee Department of Commerce and Insurance has implemented corrective procedures related to the processes that allowed these overcharges to occur and not be detected timely. Our investigation also identified other potential overcharges that, due to statute of limitation issues, are not included in this report. Information related to these additional questioned charges has been provided to officials of the Department of Commerce and Insurance.