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I. Introduction.

Attorney Thomas E. Loraine was hired on or about October 17, 2013, to perform a critical investigation by the City of Joplin. Reasonable effort was to be made to complete the investigation by December 31, 2013. As of December 31, 2013 all investigative interviews were complete under oath of 51 witnesses. Hundreds of pages of Exhibits were submitted and reviewed. A list of the Exhibits is contained in this report in **Attachment A** (LIST OF ALL EXHIBITS); hereto those documents in total are retained under separate cover.

II. Issues developed by investigation

A1. The conduct of Mayor or Pro Tem Scearce involving lease of a building to an individual, Mr. Ken Lovett, later convicted of "bookmaking".

A2. The facts and circumstances surrounding the release of information related to conduct of Mr. Scearce including, but not limited to a hand written "note" in Mr. Rohr's handwriting.

B. The facts, circumstances, ethical considerations, ethical considerations surrounding Council Member Woolston with Charlie Kuehn/Four State Homes, its subsidiaries, related entities, and the City's Master Developer, Wallace Bajjali, with respect to purchase, sale, or leasing of real estate for current or future developments.

III. Witnesses interviewed

The following witnesses were interviewed in the following order. Witnesses were questioned and answers recorded before a certified legal court reporter under oath. In the case of City employees, the Garrity Warning was received and waived signed by a document.

At all times discussed during the interview, City Manager Rohr, City Attorney Head, and both Council Members Scearce and Woolston were empowered in the positions they presently hold for the City of Joplin.

JOPLIN CRITICAL INVESTIGATION WITNESS LIST

November 5, 2013 -

Brian W. Head
Mark Rohr
Barbara Hogelin
Lane Roberts

November 6, 2013 -

William Scearce
Leslie Haase
Mike Woolston
Dan Pekarek
Chris Cotten
Charles Kuehn
Benjamin Rosenberg

November 7, 2013 -

Melodee Colbert-Keen
Barbara Hogelin
Gary Shaw
Jack N. Golden
Brian Head

November 14, 2013 -

Jim West
Nancy Morton
David Allgood
Morris Glaze
Alisha and Dustin Brigance
Daniel Johnson

November 15, 2013 -

Gary Shaw
Ron Darby
Mitchell D. Randles
David Hertzberg
Gary Box
Jack Schaller
Michael Seibert

November 19, 2013 -

Leslie Haase
Jennifer McKeough
Randy Bell
Jacob Skouby

November 20, 2013 -

Richard Russell
Charles Sorenson
Phil Stinnett
Harold Lee McCoy
Gary Duncan
Leslie Haase
Steve Curry
Dave Lewis
Vicki Coots

December 4, 2013 -

Jerry Calvin
Tim Parker

December 5, 2013 -

Charles Hartley
Becky-Brill-Pinson

December 17, 2013 -

Lynn Onstot
Steven Cope
Tim Parker
Dana and William Parker

January 28, 2014 -

Mark Rohr
Mike Woolston

IV. Documents reviewed

A. The documents listed on **Attachment A** (list of Exhibits) were either volunteered by the above named witness, or requested from the witness by the Investigator.

B. **Attachment B** (under separate cover) consists of the texts of all municipal and state laws reviewed by the Investigator:

1. The Joplin City Charter, Art. II

2. Sections 99.820, 105.454, 105.470, 105.473, and 353.060 of the Revised Statutes of Missouri.

3. City of Joplin Purchasing and Procurement Policies and Procedures – effective April 19, 1999.

C. **Attachment C** is a copy of Mr. Genesio's request for information from the FBI.

V. Factual Findings

A. Mr. Scearce ethical and legal issues

1. Gambling

To begin this inquiry, I interviewed Mr. Scearce. Mr. Scearce attended the interview with his attorney, Mr. Genisio. I explained to the Attorney that I would not allow interruption or objections during my questioning. Mr. Genisio agreed to the terms and complied.

Mr. Scearce admitted that he had answered inartfully asked questions by the newspaper reporter, giving coy responses, and not elucidating omissions in the dialogue. His comment to me was that he was under no oath to answer reporters completely.

Mr. Scearce admitted that shortly after the rental of a satellite building to a known bookie, Mr. Scearce learned that illegal betting was occurring. He reported this matter to his attorney who advised him to ignore the issue and not get involved, which advice Mr. Scearce followed. **William Scearce Tr. P13:L17-20, P14:L7-16.**

This matter occurred 20-25 years ago. Mr. Scearce claims he never became involved in any of the activity of the bookie and did not himself place bets with Mr. Lovett. **William Scearce Tr. P13:L8-10, P16:L17-25.**

According to a statement made to this investigator over the phone, the former convicted bookie, Mr. Lovett, would provide testimony that would totally exonerate Mr. Scearce. When I asked him to do so, he agreed and later after discussing the proposed testimony was advised by his Attorney not to attend the scheduled interrogation with the undersigned.

I have conferred with Nancy Morton, who confirmed both Mr. Scearce's and Mr. Lovett's statements, that Bill Scearce knew Mr. Lovett was a bookie, but that Bill Scearce had never been involved in the gambling activity of Mr. Lovett. **Nancy Morton Tr. P10:L19-22.**

Nancy Morton had been Mr. Scearce's personal secretary when Mr. Scearce had rented to Mr. Lovett. **Nancy Morton Tr. P6:L14-21.**

To further inquire as to any information about Mr. Scearce's alleged involvement with gambling, I had requested interviews of the following:

Mr. Rohr, Editor Carol Stark, Chief James Altic of Seneca Police Department, a former Joplin City Policeman and Chief Lane Roberts.

Mr. Rohr stated his only knowledge of the matter came from Lane Roberts orally, which was memorialized on a sticky note, that was later stolen from his desk. **Mark Rohr Tr. 11/5/2013 P22:L12-18, P23:L19-25, P24:L1-15.** The information was discussed with Editor Carol Stark of the Joplin Glove.

I requested an interview with Editor Carol Stark and she orally refused to discuss the issue with the undersigned. Additionally, Chief Altic of the Seneca Police Department refused to be interviewed by me. He did tell me to contact Mr. Stewert, the general counsel of the K.C. Division of the FBI for release of the information.

In addition, I have confirmed that the FBI General Counsel, Robert Stewert @ (816) 512-8611 knows of no active investigation on Mr. Bill Scearce.

Mr. Stewert suggested that the prior request by the City Attorney, Brian Head, for this report could be expedited only two ways. The first, a lawsuit under the Freedom of Information Act, or a request for 302 report by William Scearce for a copy of this investigation.

I have officially requested William Scearce to make such a request to assist this investigation. Mr. Genisio has filed for this information from the FBI for Mr. Scearce. Copy of said request is attached hereto as **Attachment C**.

Chief Lane Roberts said he could not discuss the matter of Scearce's statements in the FBI 302 report with me because he thought there might be a continuing investigation. When I said I could force him to reveal his information he said he was nearing retirement and he would refuse to do so. **Lane Roberts Tr. P16:L14-18, P17:L16-22, P18L5-7, P19:L3-8.**

2. <u>"Sticky Note"</u>

As noted above, Mr. Rohr may have shared the information he received from Chief Roberts with the local newspaper editor, given his admitted conversations with her and the fact that her name appears on the note. **Mark Rohr Tr. 11/5/2013 P13:L12-25, P15:1-17, Exhibit 1.**

He named individuals that had access to his office. **Mark Rohr Tr. 11/5/2013 P7:L15-24, Exhibit 12.**

After discovering how the note became known to Mr. Scearce, I did not pursue investigations with the individuals that Rohr had suggested had access to his office.

Mr. Head testified he had received the "sticky note" from an employee, Becky Brill-Pinson. **Brian Head Tr. 11/5/2013 P8:L22-25, P9:L1-22, Exhibit 1.**

Mr. Head's comment that he had presented the note about Mr. Scearce to Mr. Scearce was confirmed to be true by Mr. Scearce. **Brian Head Tr. 11/5/2013 P15:L22-25, P16:L1-6; William Scearce Tr. P19:L3-9.**

I then interviewed Ms. Brill, (now Brill-Pinson) and she confirmed finding the "sticky note" in the hall by the elevator near the Men's restroom. **Becky Brill-Pinson Tr. P6:L5-10.** Ms. Brill-Pinson recognized the handwriting in the note as that of Mr. Rohr and attempted to find him. Since he was not available and because the FBI was referred to in the note she gave the note to the city attorney, Brian Head. **Becky Brill-Pinson Tr. P6:L21-25, P7:L1-13.** Becky Brill-Pinson also made reference to her fear of reprisal against her brother, who works for a friend of Mr. Rohr. See facts supra in this report. **Becky Brill-Pinson Tr. P11:L5-25, P12:L1-2.**

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B. Issues Presented For Investigation – Mr. Woolston

The facts, circumstances, and ethical and legal considerations surrounding Council Member Mike Woolston, Charles Kuehn, owner-operator of Four States Homes, its subsidiaries and related entities, and the City of Joplin's chosen master-developer, Wallace-Bajjali.

The investigation conducted on Mr. Woolston has revealed that Mr. Woolston has received fees on only one transaction to which he admits. **Mike Woolston Tr. 11/6/2013 P7:L8-16.**

The other transactions received and purchased by the 353 holding company he has not received money fees. See **Exhibit 5** submitted by Woolston under oath.

Deposition testimony of City Attorney, Brian W. Head:

Mr. Head's deposition reads as follows in Volume I at pages **Brian Head Tr. 11/5/2013 P33:L22-25, P34:L1-8.**

Q: Now who determined the method of purchasing the property?

A: In what regard?

Q: Setting up the entire program with Wallace-Bajjali?

A: **That was largely negotiated between the City Manager and the folks at Wallace-Bajjali, although once the basic structure was determined when we were given marching orders we did create a Land Bank agreement between the City, the Redevelopment Corporation, and Wallace-Bajjali.**

Mr. Head added that the agreement was drafted by a law firm from St. Louis. **Brian Head Tr. 11/5/2013 P34:L14-17**, and that he was not involved nor invited to the initial negotiations between the City Manager and Wallace-Bajjali. **Brian Head Tr. 11/5/2013 P35:L1-2, P35:L13-21.** Mr. Head admitted that the City Manager had no legal background and that no outside counsel was consulted by the City regarding any legal or ethical considerations. **Brian Head Tr. 11/5/2013 P38:L14-17.** Most telling for the present investigation is Mr. Head's statement: **"I don't know that the 353-in hindsight it feels to me like we created a whole lot more hoops for ourselves than we needed to when a lot of this could have been done directly by the City. Brian Head 11/5/2013 Tr. P37:L6-10.**

Mr. Head's reference to "the 353" is what eventually became the Joplin Redevelopment Corporation (JRC) organized under Section 353.060 RSMo., which statute reads in pertinent part as follows:

> An urban redevelopment corporation shall operate under this chapter on one or more redevelopment projects pursuant to an authorized development plan, and with respect to each such project shall have such rights, powers, duties, immunities and obligations, not inconsistent with the provisions of this law, as may be conferred upon it by city ordinance duly enacted by the legislative authority of a city affected by this chapter which is authorizing or has authorized such plan; **provided, however, that no such rights or powers, except those previously granted, shall be granted by any governing authority to any urban redevelopment corporation after August 13, 1982, unless the governing authority shall hold a public hearing for the stimulation of comment by those to be affected by any such grant and shall determine thereafter that the area covered by the plan is blighted;...**

According to City Attorney Head and Councilman Woolston, **Exhibit 5** is a list provided by Councilman Woolston to this investigation which purports to be closing dates and addresses of properties purchased by Four States Homes and or Charles Kuehn (owner of Four States Homes). **Brian Head Tr. 11/5/2013 P25:L21-25; Mike Woolston Tr. 11/6/2013 P6:L3-9.** Councilman Woolston admitted to some involvement in the purchasing of the 19 properties listed on **Exhibit 5. Mike Woolston Tr. 11/6/2013 P7:L8-25, P8:L14-23.** However, neither he nor his employer, Pro 100 Realty, are listed as a buyer on **Exhibit 5. Exhibit 18A** is the Land Purchase Summary as of October 31, 2013, of the Joplin Redevelopment Corporation. All of the properties listed on **Exhibit 5** are also listed on **Exhibit 18A**, save the properties purchased by Jennings/Brown. The question arises: why did Wallace-Bajjali have a contract with the Joplin Redevelopment Corporation to acquire property for the City and to receive a substantial fee for acquiring such property **and did receive a substantial fee for acquiring such property** when the property was actually acquired by Four State Homes or its owner, Charles Kuehn? Councilman Woolston admitted to entering a working relationship with Charles Kuehn within "a couple of months after the tornado." **Mike Woolston Tr. 11/6/2013 P25:L2-5.** Mr. Kuehn declined to offer any information regarding his business dealings with Councilman Woolston. Mr. Kuehn's deposition, in relevant part, reads as follows:

Charles Kuehn Tr. P6:L11-21

Q: What did you think we were talking about?

A: Just land purchases that Mr. Woolston has purchased for me, or as a—

Q: Well, I think this covers that.

A: It covers a lot more.

Q: Yes, it does.

A: So I'm going to elect to leave and if we want to talk any further I'll bring my attorney because that is not what I understood that Mr. Woolston was being investigated for all of that.

Mr. Kuehn twice declined to cooperate in this investigation. It must be noted that **Exhibit 18A** at Resolution 2013-017 through Resolution 2013-029 inclusive all purport to have the Joplin Redevelopment Corporation purchase property directly from Four States Homes, and yet Wallace-Bajjali received its standard finders fee for each of these transactions: $2026.00 for 1802 Delaware; $11647.00 for 1811 Delaware; $10551.00 for 1811.5 Delaware; $1522.00 for 1820 Delaware; $1652.00 for 1825 Carolyn Place; $1363.00 for 1830 Delaware; $1524.00 for 1831 Carolyn Place; $1488.00 for 1840 Delaware; $2020.00 for 1901 Carolyn Place; $1909.00 for 1907 E. 19th; $5020.00 for 1919 E. 20th; $11654.00 for 1921 E. 20th; and last but not least, $8524.00 for 2203 E. 20th. Furthermore, each transaction used the Abbey Title Company and the Arvest Bank, owned by WalMart. In fact every transaction depicted in **Exhibit 18A** has Arvest Bank listed as the mortgagor. No effort was made in sharing the City's business with local community owned banks and title companies on bid.

According to Richard Russell, former Mayor and Councilman, title insurance services have not been bid. If they were to be bid, title insurance fees could have been reduced from an average of $4.00 per thousand dollars of insurance to .83 cents a thousand. **Richard Russell Tr. P14:L8-11.**

If Mr. Rohr bid this title work out, 79% of price actually paid for the title insurance could have been saved. Wallace Bajjali ignored this savings for political reasons. **Richard Russell Tr. P12:L16-17.**

Local residents, Dana and William Parker, deposed regarding Councilman Woolston's actions during the period just prior to a neighborhood meeting held in October, 2012, stating, "Most of the people lived-well, where they lived is where the movie theater is going and all that, the library, and they were concerned because Mike Woolston kept knocking on everybody's door wanting to sell their property, even if they'd already rebuilt, sell it so we can tear it down." **Dana and William Parker Tr. P7:L17-23.**

According to the Parkers, Mr. Woolston informed them that they were "stupid for rebuilding" and when he was asked by the Parkers why a grocery store was not planned for Sunset Ridge, "he told us at that time that those people were too important, we couldn't do that to them." **Dana and William Parker Tr. P8:L5-19.** The Parkers were further informed by Mr. Woolston that a park which had been deeded to the City "needs to come out." **Dana and William Parker Tr. P9:L2-5.** In short, Councilman Woolston appears to have conducted himself as a one man Redevelopment Corporation and one without a clue as to the statutory requirements of a 353 corporation. The Parkers further deposed that Councilman Woolston spoke to them about acquiring various lots for a party whose name he at first would not reveal, but eventually told them the party was Four State Homes which he highly endorsed as follows, "You know they build good stuff." **Dana and William Parker Tr. P25:L12-24.** Thus, according to the Parkers, Mr. Woolston was acting as an agent for Mr. Kuehn who was acting as an agent for Wallace-Bajjali who was billing the City big fees for finding property to develop. The actions of Mr. Woolston, Mr. Kuehn and Wallace-Bajjali lead the Parkers to conclude conflicts of interest, if not outright fraud was involved.

Residents Alisha and Dustin Brigance deposed that Mr. Woolston sent them a letter in July of 2012 stating that someone was interested in purchasing their property. **Alisha and Dustin Brigance Tr. P7:L20-23.** In referring to Mr. Woolston they stated, "He was working for Four State Homes to purchase an extremely large amount of property in our area." **Alisha and Dustin Brigance Tr. P7:L14-17.** The Brigances further deposed that there were at that time rumors of a movie theatre/library complex being planned for that area: "at 20th and Connecticut." **Alisha and Dustin Brigance Tr. P7:L14-15, P8:L1.** Mr. Woolston deposed that he had received a commission on the sale of 1825 Connecticut. **Mike Woolston Tr. 11/6/2013 P7:L8-16.** The Brigances further stated in their deposition that the only person they had contacted regarding the sale of their property was their realtor. However, at a neighborhood meeting they were approached by Gary Box, a representative of Wallace-Bajjali. Mr. Box was shocked when they told him they were not selling because apparently Mr. Woolston had informed him otherwise. **Alisha and Dustin Brigance Tr. P17:L11-25, P18:L1-5.** The Brigances stated they wound up selling their property because Four State Homes had purchased all the surrounding property. **Alisha and Dustin Brigance Tr. P19:L7-9.** They also suggested that Mr. Woolston had not been honest with them because he had prior knowledge of the City's plans for the theatre/library complex. **Alisha and Dustin Brigance Tr. P44:L14-24.** They went so far to say that Mr. Woolston was "controlling the Prices". **Alisha and Dustin Brigance Tr. P45:L1.** It is interesting to note that their property was purchased by Charlie Kuehn in February 2013. As of December 31, 2013 Mr. Kuehn has not sold this property to

the 353 Corporation. This property is located at 1812 Delaware. See also **Exhibit 26** - Sales Contract, Charlie Kuehn, buyer and Mike Woolston, broker for Pro 100, Inc.

Tim Parker's deposition further supports the conclusion that Mr. Woolston and Mr. Kuehn were complicit in acquiring real property for the City directly or indirectly by acquiring it for Wallace-Bajjali. He referred to the Jasper County Beacon website which lists home sales. (Several pages of this website are contained in the Joplin Redevelopment Corporation Resolutions). He learned from the website that Mr. Woolston had purchased "numerous properties around Carolina Place...6 or 7 lots that he bought over there." **Tim Parker Tr. P6:L22-25, P7:L1-4.** He noticed later that the same properties were subsequently sold to the City of Joplin through the Joplin Redevelopment Corporation "for about three times their appraised value." **Tim Parker Tr. P7:L12-16.**

Based on the sworn testimony of residents of the city of Joplin, as well as that of the Joplin City Attorney and Councilman Woolston, and the exhibits referred to herein, it is not an understatement to conclude that Section 353.060 RSMo was not only violated but wholly disregarded. The actions of Mr. Woolston, Mr. Kuehn, and Wallace-Bajjali are unethical since they must be looked at as conspiratorial under the totality of facts. Further investigations should be engaged with complete fee disclosure to the City Council. All business should be stopped under the contracts between Wallace Bajjali and the City of Joplin. Further investigations should be considered.

Assuming arguendo, that Mr. Woolston has testified honestly that he has received no fees on the transaction purchases by the Joplin Land Development Corporation, what legal and ethical issues has he violated?

A very important aspect of ethical decisions is the appearance of certain events to the public. In the case of a Councilman like Woolston, with expertise in real estate matters, his potential contribution to city government knowledge is a vast reservoir for other council members and the public to rely upon in their decisions. Transparencies are crucial when the city officials are handling large sums of public money in the redevelopment of Joplin.

One must examine Mr. Woolston's actions carefully to realize the full impact of his actions and non-actions in the transparency of city government.

A review of Council votes reveal many abstentions on crucial votes on real estate matters by Councilman Woolston. Mr. Woolston readily admits this conduct in his testimony **Mike Woolston Tr. 11/6/2013 P22:L8-25 and Exhibit 8.** This conveys the extent of the collision between Mr. Woolston's personal and business interests.

This need for abstentions should place the public on notice that Mr. Woolston is involved in the matter personally and that the city cannot expect his best efforts because of his potential or real conflict of interest. This notice to be wary of his conduct in these conflicted matters tells the public bluntly, "do not rely on my judgment because I cannot give you the fiduciary obligations of my office". In other words, "you cannot rely on me to be fair because I have personal interests that I must protect." This conduct is destructive of a trust relationship if it is engaged in frequently. Mr. Stinnett agrees:

> Further, the frequency of saying "I have a financial interest", but he doesn't explain what the financial interest is..."I have voiced my opinion to all of them, that if you're going to abstain you should make it very clear to the public as to why..." **Phil Stinnett Tr. P10:L17-24.**
>
> "...and when money is involved it always brings out the bad side of everybody." **Phil Stinnett Tr. P11:L4-5.**

In addition, the public trust is deprived of any expertise Mr. Woolston's has acquired from past experiences. The knowledge he possesses was for many, a good reason to vote for him. These observations coupled with the following facts leads to the inevitable conclusion that Councilman Woolston has stepped over the boundary line of ethical standards.

Mr. Woolston admitted in his testimony that he is a business associate of Charles Kuehn in real estate and development matters.

Mr. Kuehn was asked to testify by the undersigned. **Charles Kuehn Tr. P6:L11-21** (see infra). Mr. Kuehn was given a second opportunity after consulting with his personal Attorney to state his position since the Council had requested me specifically to inquire as to this relationship with Mr. Woolston. He refused to testify a second time.

Additionally, Mr. Woolston and Mr. Box had significant participation in performing the due diligence in the initial hiring of the Wallace Bajjali firm. **Gary Box Tr. P12:L3-7, P15:L3-11; Benjamin Rosenberg Tr. P25:L2-11.** Now, Gary Box is the project manager for the Joplin office of the Wallace Bajjali Firm. **Gary Box Tr. P7:L9-14.**

Two requests were made by the investigator to question Mr. Wallace. Both resulted in cancellations. One at my office since Mr. Wallace was in Jefferson City and agreed to meet at Osage Beach. The second appointment scheduled in Joplin also resulted in no interview.

Mr. Woolston has admitted to regular participation in the zoning application process changing zoning from residential to commercial:

Mike Woolston Tr. 11/6/2013 P28:L1-8, P28:L21-25, P29:L1

Q. And of course as I understand your city, if you as an alderman talk with somebody in the Zoning Department trying to favorably impress them to make a decision you could be impeached for that?

A. I probably could. I talk with them frequently on Charlie's projects and other projects, but typically what I request is so that I understand what they need or understand the process. It's never to lobby for what he's doing. And frequently when I go down there I'll let them know that I'm there as a private member of the community as opposed to a Council member requesting information.

Q. But it also identifies to those zoning people or those people in the City that this is a project that you might be involved with and maybe they're going to treat it more gingerly?

A. Obviously they know that I'm a Council member and I worry about that on occasion because I'm sure that we as Council members get treated a little differently than any other private citizen when we go in making essentially the same request.

Do the employees at the Zoning Board notice that a Councilman who pays them has "some interest" in certain applications before them? What possible city purpose does this conduct serve by the Councilman?

There has been ample testimony from others that Mr. Woolston works very hard to acquire certain properties. **Dana and William Parker Tr. P12:L9-17; Jim West Tr. P7:L20-25; Alisha and Dusting Brigance Tr. P12:L4-11; Tim Parker Tr. 12/17/2013 P7:L1-10, P6:L22-25; Ben Rosenberg Tr. P12:L3-10.** Mr. Cortez has been approached four times by Mr. Woolston. **Jim West Tr. P8:L4-25, P9:L1-5; Jennifer McKeough Tr. P6:L13-20.**

"I'm just saying that he put himself in a position where there is questioning about all of those activities and the perception and the fact that he recuses himself frequently from voting is leading the public thinking that there is something there." "I don't know if there is or not, and that casts a shadow over the whole Council." **Phil Stinnett Tr. P9:L10-22.**

Mr. Phil Stinnett testified that as a former councilmember and Mayor, Woolston was operating contrary to conflict of interest laws.

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VI. Legal Issues and Council Options

A. Scearce

Is there a legal basis for censure of Councilman Scearce? Based on investigative facts governed during the critical investigation there is no factual basis in fact for discipline of Councilman Scearce. There is no present evidence to support any illegal or unethical activity on Mr. Scearce.

The evidence supports Mr. Scearce's position and the allegation against him has been nonexistent by testimony:

The Editor of the Joplin Globe has refused to make a statement concerning knowledge she purportedly had about Mr. Scearce acting with any gambling activities. Similarly, people that had inside information about the FBI questioning of Mr. Scearce, to wit: Police Chief Lane Roberts and former City Joplin Policeman, James Altic, who is now Chief of City of Seneca, have refused to give any details of an alleged FBI report that lead to an indictment and conviction of Joplin "bookmaker" Lovett.

When offered to reveal facts that would support wrong doing by Mr. Scearce, both Lane Roberts and James Altic refused. Roberts allegedly swore secrecy required by the FBI. Any continuing investigation against Councilman Scearce was clearly disavowed by the General Counsel of FBI K.C. Division.

When I asked Mr. Scearce to request the original 302 report of his questioning about Mr. Lovett, Scearce agreed to request any record. He has done so in writing through Mr. Genisio inquiring to the FBI. See attachment attached hereto as **Attachment C**.

After consulting with the FBI General Counsel, I find no credibility in a theory of a continuing investigation on Mr. Scearce. If the Council of Joplin wishes to force Lane Roberts to testify or face discharge, I will pursue this matter. In light of the statement of FBI General Counsel and the passage of time without indictment, I believe Bill Scearce to be innocent of participating in gambling activities with Mr. Lovett. **Nancy Morton Tr. P10:L19-21; William Scearce Tr. P13:L8-10.** I also do not find any ethical violations have occurred in subsequent newspaper developments on this "non-story". Mr. Stinnett shares this opinion. **Phil Stinnett Tr. P6:L10-22.**

Phil Stinnett was a former Councilman from 1998 to 2010 and former Mayor from 2004-2006 for the City of Joplin. He testified that the allegations on Mr. Scearce "I do not believe that causes an ethics violation for him at this point in time." **Phil Stinnett Tr. P7:L2-14.**

Legal Conclusion: A public figure may sue for defamation when there is actual Malice under the former case of Sullivan vs. New York Times. ***N.Y. Times Co. v. Sullivan, 376 U.S. 254 (1964).***

When a known falsehood is knowingly perpetrated a libel suit may be brought by a public figure against a person that continues to perpetrate a falsehood.

In the opinion of the undersigned, continued pursuit of this issue without some proof against Mr. Scearce is to invite a defamation lawsuit. I can find no evidence that Mr. Scearce has committed crime or an ethical violation of his official duties as a City Member.

When the 302 FBI report arrives, I believe there will be no continuing investigations of Mr. Scearce. Mr. Scearce by requesting the questioning to which he was exposed, he certainly does not believe the investigation centered on himself.

Similarly, there is no evidence to support Mr. Scearce had any involvement in stealing the "sticky note" off of Mr. Rohr's desk or from his office.

B. Woolston, Wallace, Kuehn

There are several options the Council must consider regarding the results of the investigation.

These are divided into two groups. The first group are those options surrounding the actions involving councilman Woolston. The second group are those surrounding the Consultant Wallace and Mr. Kuehn.

Councilman Woolston must divest his interests or resign from the Council. The contract with Wallace Bajjali is very comprehensive in scope and existence. The City will need all of its expertise to watch and guard the public trust for the foreseeable future. A close and thorough monitoring of all aspects of the redevelopment of the City of Joplin will be a daunting task. A commitment of the entire staff, the City Council and the public will have to work to monitor the proposals of the consulting developers to insure a proper balance of the type projects that will be a fruitful and prudent investment to bring the best to the Joplin community. The public and private sector must complement each other to maximize the return.

Mr. Woolston has great expertise to offer, however he cannot gain personally or appear to gain from his own decisions with inside information. Mr. Woolston should register, as should Mr. Kuehn, as a local lobbyist under Mo. Rev. Stat. with the Ethics Commission. The law requires this disclosure to the public so all decisions are made in the light of day. **See Sections 105.470 and 105.473 RSMo.**

Neither of these gentlemen is presently registered as local lobbyists.

Mr. Woolston should voluntarily step down or should be forced to be removed from the City Council.

The Missouri Ethics Commission should be advised of these past appearances of improprieties to cleanse the City of suspicion by its public.

A third option is to investigate more fully the vast opportunity to receive exorbitant fees under the Wallace Bajjali contracts with the City of Joplin. Perhaps further investigations could force a "clean slate" so business can resume.

With the lack of participation by Mr. Wallace or Mr. Kuehn in the present investigation, no conclusions can be made if wrongdoings have occurred or whether they are likely to occur.

How can proper decisions be made as to continuing the relationship with Wallace Bajjali's firm without extensive disclosures as to fees generated thus far. Public demand requires this open debate.

Presently all communications between any department of the City and Wallace employees goes only through the City Manager exclusively. The City Attorney and the Council are "as needed only". No procedural safeguards exist to monitor these private contracts. This is not in the public interest to privatize these communications. No legitimate public interest is served by this secrecy. Protocols should be placed in writing for all future communications and voted in place by the City Council.