

P.O. BOX 1468  
KNOXVILLE, TENNESSEE 37901-1468



PHONE 865-215-2518  
FAX 865-218-4233

**Randall E. Nichols**  
District Attorney General

June 30, 2008

Commissioner Mike Hammond  
Knox County Commission  
City-County Building  
400 Main Ave.  
Knoxville, TN 37902

Dear Commissioner Hammond:

Thank you for your letter of June 25. I am in full agreement with you that all branches of Knox County government, as well as the citizens of Knox County, have a vital interest in resolving the questions raised from various sources about the handling of Knox County finances as quickly as possible. With that end in mind, my staff and I have spent considerable time over the last several weeks reviewing information from audits as well as a public complaint made directly to this office. I have already designated an independent prosecutor highly experienced in civil and criminal cases involving mishandling of local government finances to take charge of an investigation of suspected criminal actions related to Knox County finances.

As Knox County District Attorney, I have an obligation to review all allegations to determine if there is a reasonable possibility a public official has failed to comply with state and county law and regulation. It would not be proper to bring in a special prosecutor just because an accusation of illegal action by a public official has been made. But, as you point out, once further investigation is appropriate, my office will bow out in favor of an independent prosecutor whose office does not receive any financial support from Knox County. I have determined that several of the matters my staff and I have reviewed are appropriate for transferring to a special prosecutor, which I will do in the near future.

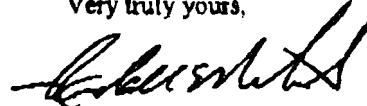
State statutes and regulations, as well as the Knox County Charter and Code, covering the handling of county finances and setting out civil and criminal penalties for mishandling them are very complex. Any investigations relating to these laws and regulations cannot be done overnight. Although the special prosecutor already appointed is willing to take over any other needed reviews of Knox County financial management, I am in the process of recruiting prosecutors with experience in these kinds of cases to assist him so that they can be concluded as

Page 2  
June 30, 2008

soon as reasonably possible. I have been in communication with the State Comptroller for some time and he is ready to provide any support needed from his office.

I appreciate your support of our decision to seek "a fair, professional and non-partisan procedure" to verify what, if any, illegal actions may have been taken in the management of Knox County finances and, if such are found, to take the proper action to hold anyone who has acted in contravention of our laws and regulations accountable.

Very truly yours,



Randall E. Nichols  
District Attorney General  
6<sup>th</sup> Judicial District Attorney