

The Daily Edition

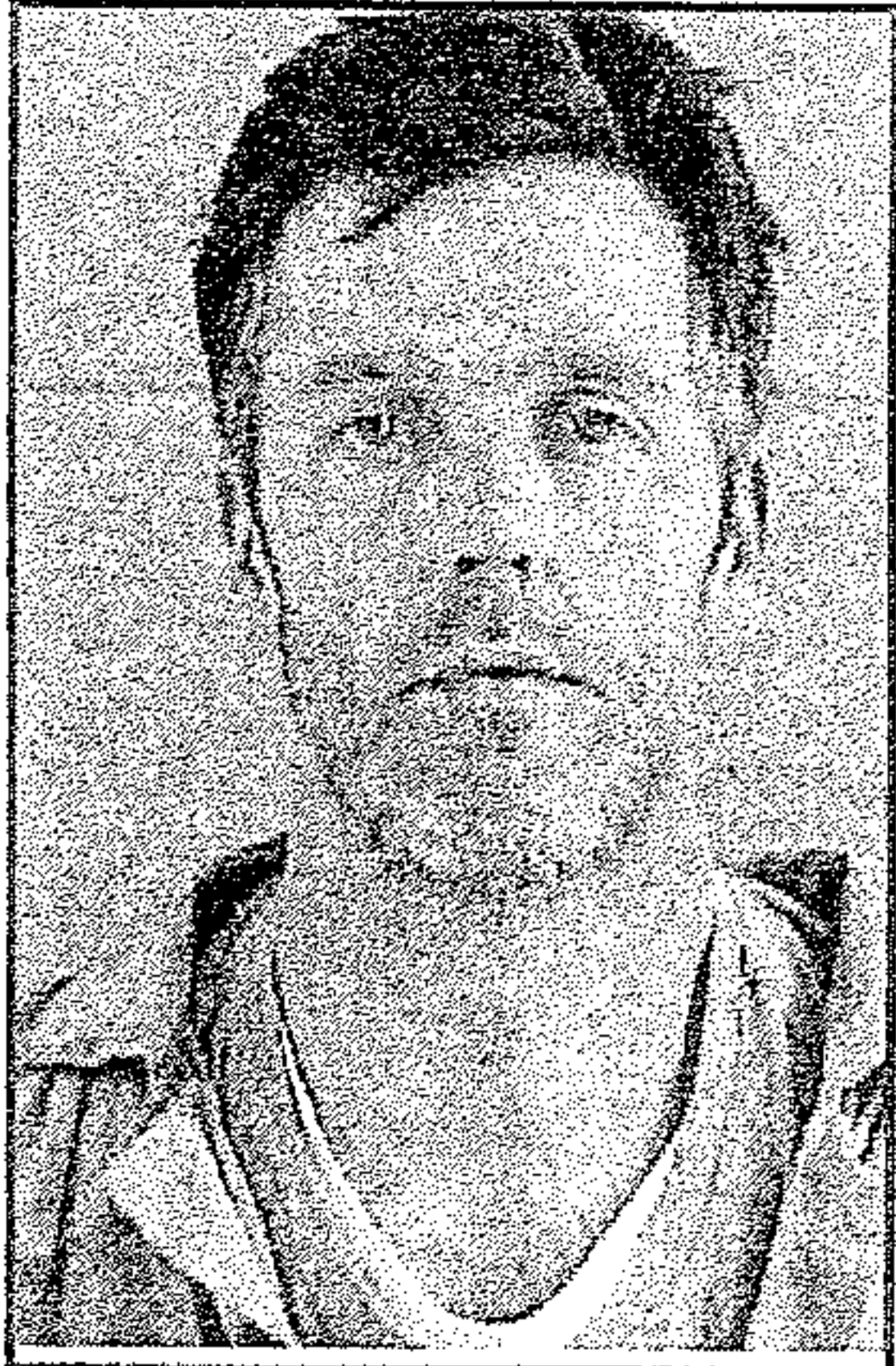
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Wednesday, February 21, 2018

Trio discovered, charged, and jailed #whnocheese

Burglary ends with 2 arrests



William White

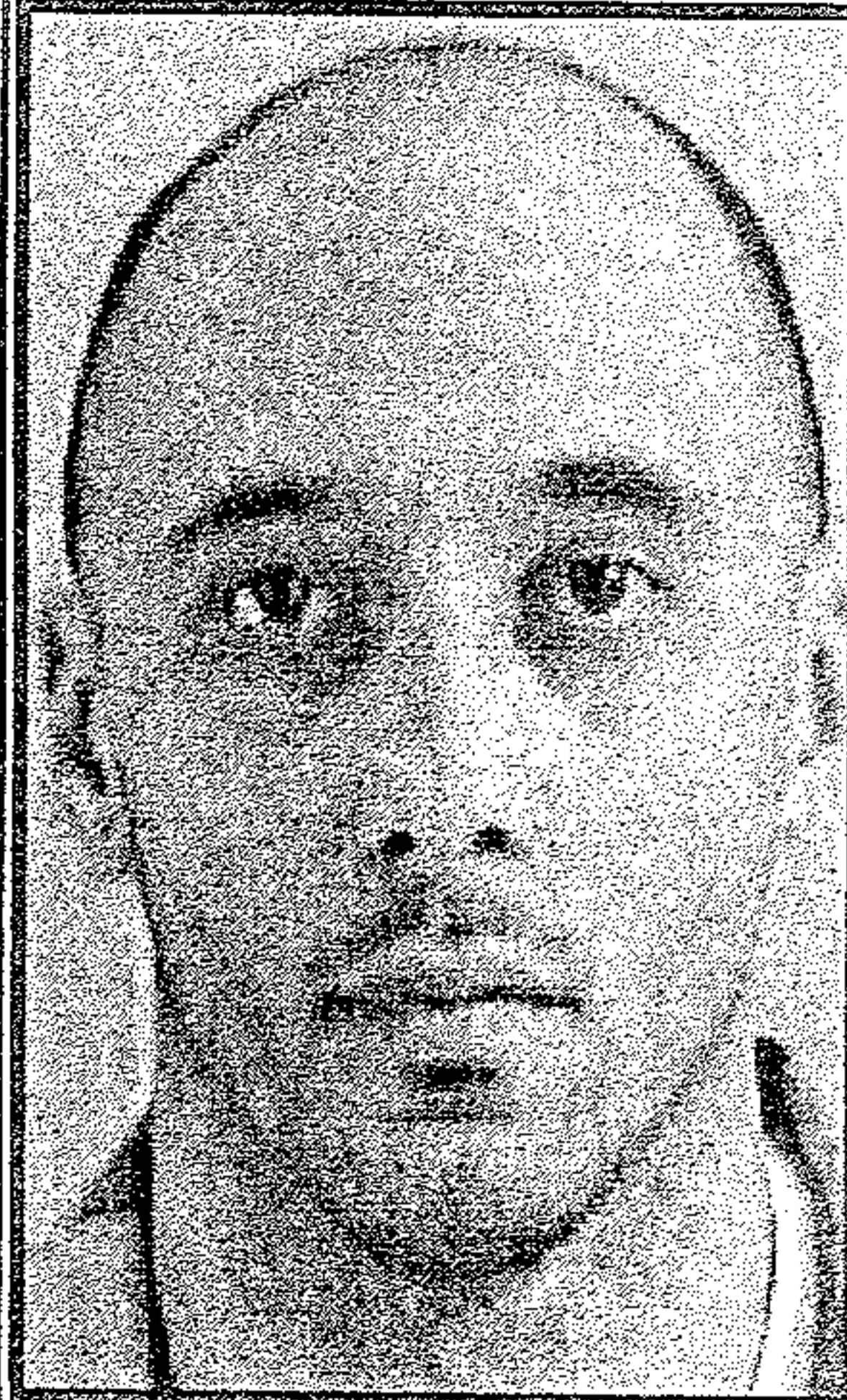


Sylvia Morgan

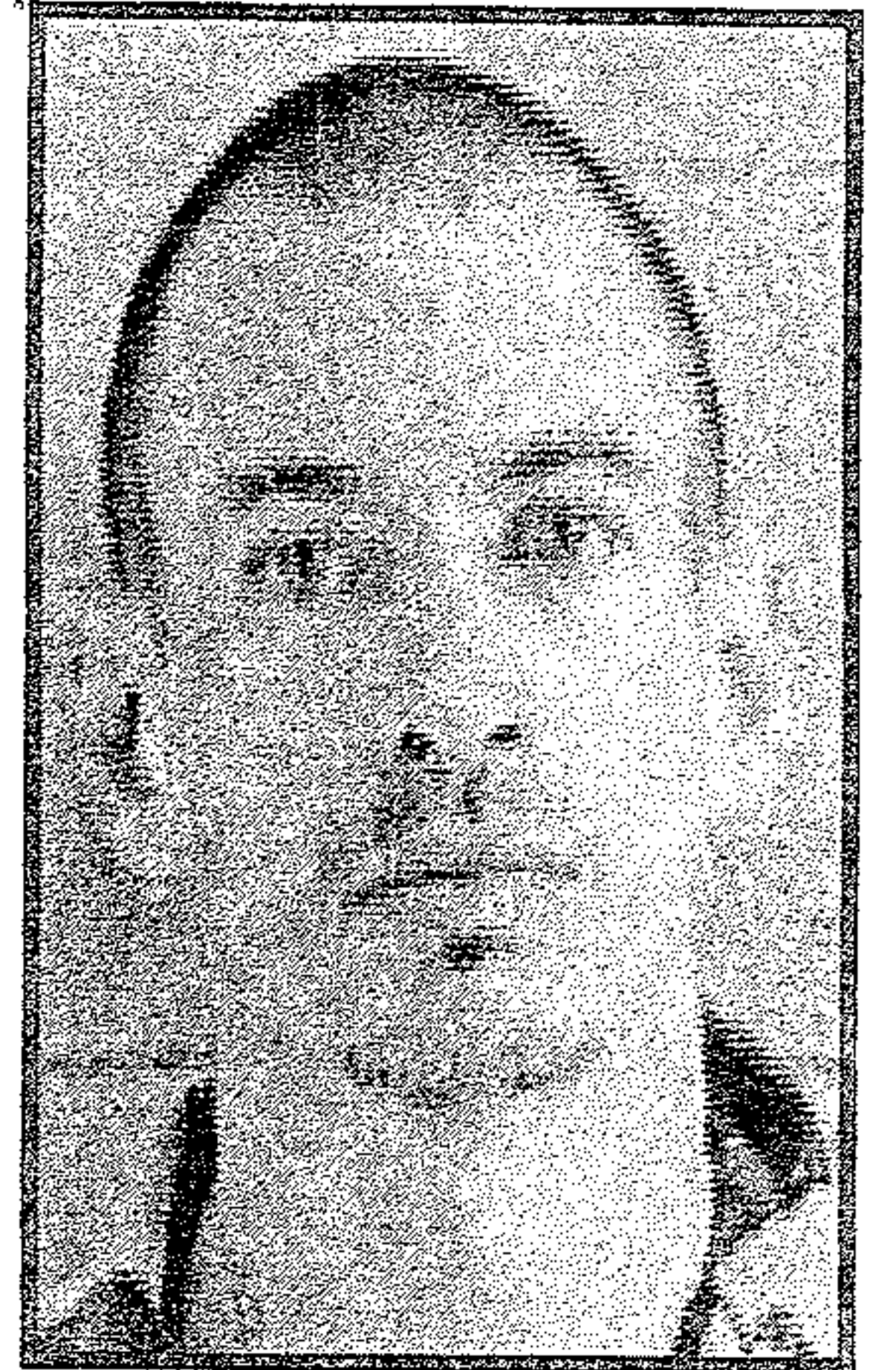


Angelina Noce

(see Trio pg. 2)



Daniel Ernest



Caleb Wilkerson

see Burglary pg. 3

Two Sentenced in \$10 Million Investment Fraud Scheme More Than 60 Victims Left in the Lurch

The victims' stories of losing their retirement savings in a \$10 million fraud scheme were heartbreaking: some lost their homes, some had to declare bankruptcy, and many suffered—and continue to suffer—from physical and emotional ailments upon learning they had virtually nothing left to retire with.

The fraudsters responsible for this fallout—who lined their own pockets with the hard-earned money of working people trying to save for their golden years—were Merrill

Robertson and Sherman Carl Vaughn, Jr., two Virginia businessmen. After a joint federal law enforcement investigation into the pair's Ponzi-like scheme, the two were ultimately brought to justice for their crimes against more than 60 victims in multiple states. In light of Robertson's earlier conviction at trial and Vaughn's previous guilty plea, Robertson was recently sentenced to 40 years in prison, and Vaughn—who testified at Robertson's trial—received 12 years. The men were also ordered to pay

See Fraud P.5

Capias and VOP



Mark Pritchard

see VOP p.4

Former Knox County Schools Mechanic Indicted for Theft

An investigation by the Tennessee Comptroller's Office has resulted in the indictment of Michael James, the former lead mechanic of the Knox County Schools Maintenance Garage.

Comptroller investigators determined that James used the school system's purchasing cards to buy \$187,670

worth of vehicle parts and used them for his private automotive repair business. The purchases occurred between July 2014 and November 2017.

James purchased parts for vehicles manufactured by Mercedes Benz, BMW, Lexus, and other manufacturers which are not in the school's fleet.

(see schools pg. 4)



Verse of the Day

For God so loved the world that he gave his one and only Son, that whoever believes in him shall not perish but have eternal life.

— John 3:16
Obituaries

see inside p.4

Wazzup

Hope everyone enjoyed their Presidents Day off.

Weather

Today: Rainy. High of 75F.

Tonight: Rain. Low of 60F.

Thursday: Showers. High of 73F.

Tuesday night: Cloudy. Low of 57F.

Horoscopes

Aquarius 1/20-2/19

Your uncertainty about a major purchase can eat up a lot of your time today, negatively impacting your productivity in other areas of your life. Its one thing to know the state of your finances; its entirely different to know if it is

(Continued on page 6)



Trio

William White, 41, Dennis Drive Kingston, was charged with Man/Sell/Del/Resale Sch. II & IV.

Silvia Morgan, 36, West 2nd Ave Lenoir City, was charged with Violation of Probation.

Angelina Noce, 36, Dennis

Drive Kingston, was charged with Violation of Probation.

Officer J.Dishner LCPD, was on patrol, when he observed a female known to him as Sylvia Morgan, sitting in a vehicle outside the Waffle House in Lenoir City, Tn. Officer had prior knowledge that Ms. Morgan had

an outstanding warrant and made contact with her and placed her under arrest. Officer also made contact with the driver and passenger of the vehicle she was in. Officer identified them as Angelica Noce and her boyfriend,

William White Jr. Both subjects displayed signs of impairment and Officer began speaking with them about possible narcotics use. Officer gained consent to search the vehicle from the driver

(see Trio ctd. pg. 5)

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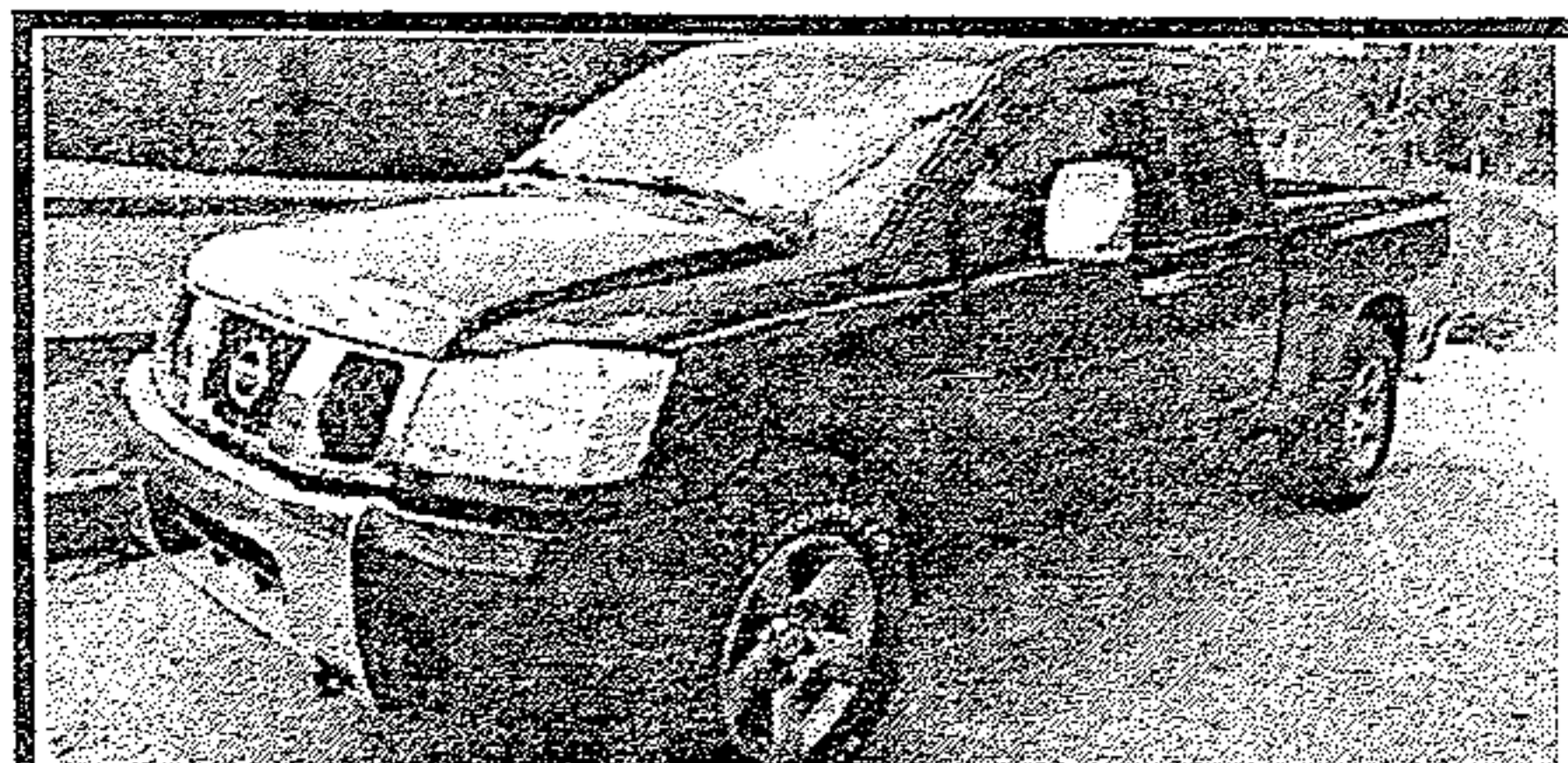
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Burglary

Daniel Ernest, 33, Raindrop Road Knoxville, was charged with Burglary.


Caleb Wilkerson, 34, Reeds Springs Road Philadelphia, was charged with Burglary and Theft.

Deputies responded to Steekee Road Loudon Tennessee to a report of a burglary to a residence. On arrival Deputy Mike Williams and Deputy Jamie Pistol found Caleb Wilkerson coming out of the residence and took him into custody. On entering the residence they found Daniel Ernst hiding in the house. On talking with the complainant and owner of the residence found that neither of the subjects had permission to be in the residence. Investigators Patrick Upton and Chris Bowen where on scene at

time the suspects where taken into custody. The vehicle they where driving was towed to James Wrecker Service.

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Schools

Investigators discovered that James concealed his scheme by fabricating work orders for maintenance and repairs on school system vehicles that were neither needed nor performed. James also used the school system's tax-exempt status to avoid paying \$17,359 in sales tax on his personal purchases.

Michael James' employment was terminated from Knox County Schools on November 21, 2017. On February 13, 2018, James was indicted by the Knox County Grand Jury on one count of theft of property over \$60,000.

"One person should not be responsible for ordering parts, charging the parts on a purchasing card, and accepting delivery of the parts," said Comptroller Justin P. Wilson. "It's also important that someone carefully scrutinize invoices to ensure that purchases are valid. I'm pleased to note Knox County Schools is taking steps to address these issues."

VOP

Mark Pritchard, 29, Melissa Lane Clinton, was charged with Criminal Court Capias, and Violation of Probation. Deputy Jonathan Sartin LCSO, did arrest Mr. Mark Edward Pritchard at 5001 Maloneyville Road (Knox County Jail). Deputy did transport this individual to Loudon County Jail where he did serve him with a Criminal Court Capias. This did happen in the Loudon County Jail in Lenoir City, TN.

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Obituaries

Tanda Lenae Pierce age 49 of Knoxville, passed away unexpectedly on February 13, 2018 at her home. She was preceded in death by her father, Gunnery Sgt. Fred C. Thomas; grandparents, John C. and Martha Nichols, M. D. and Viola Thomas. Survived by her daughter, Kelsey Nichole Thomas; son, Tristen Nicholas Pierce; mother, Jackie Nichols all of Knoxville; aunt, Neita Berrier and cousin, William J. Berrier, Jr. A celebration of her life will be on Sunday, February 18th from 2 p.m. to 4 p.m. at Click Funeral Home in Lenoir City. Click Funeral Home, 109 Walnut Street, Lenoir City is in charge of arrangements.

Louise Manuel Lowery age 90 of Lenoir City passed away Friday morning, February 16, 2018. She was a former longtime resident of the Solway Community. A member of Bell Avenue Baptist Church in Lenoir City. Preceded in death by her parents, Andy and Cassie Manuel; brother, Ancl Manuel and sisters: Edna Mae Postman, Ortha Slover, and Ruby Jett King. She is survived by her children, Andy M. Lowery, Rosa Dockery and Gary L. Lowery and wife, April all of Lenoir City; 6 grandchildren: Desmond D'Angelo, Bryan Dockery, Randall Lowery, Kendall Lowery, Katherine Johnson, and Jessica Lowery; 2 great-grandchildren, Logan and Joel Lowery; many nieces, nephews and cousins. The family will receive friends from 5 p.m. to 7 p.m. on Monday, February 19th at Click Funeral Home in Lenoir City. Funeral services will follow at 7 p.m. with Rev. Junior Gardner officiating. Family and friends will gather at the funeral home by 10:30 Tuesday morning and proceed to Lenoir City Cemetery for 11 a.m. graveside services. Click Funeral Home, 109 Walnut Street, Lenoir City is in charge of arrangements.

Arlene M. Roberts age 84 of the Tellico Village Community, Loudon passed away Friday morning, February 16,

2018. She was a member of St. Thomas the Apostle Catholic Church and a missionary for One Heart Colombia. Arlene was a loving mother, grandmother and great-grandmother. Preceded in death by her husband, Thomas Roberts; grandson, Peter Hostetler; parents, Elmer and Frieda Keller and sister, Marion Kranstover. Survived by her children: Lori Hostetler (Bumper), Margaret Logan (Mark), Tom Roberts, Tim Roberts (Julie) and Mike Roberts (Carolyn); grandchildren: Nick, Chris, Katie, Sara, Andrew, Maggie, Sorina, Elizabeth, Adam and Cynthia, Daniel and Kristin, Meagan and Mitchell; great-grandchildren: MacKenzie, Coleton, Quinten, Jillian, Joseph, Isabelle, Jackson and Charlotte. The family will receive friends from 4 p.m. to 5:30 p.m. on Sunday, February 18th at St. Thomas the Apostle Catholic Church in Lenoir City. A Prayer Service will follow at 5:30 p.m. The family will also receive friends from 10 a.m. to 11 a.m. on Monday at St. Thomas the Apostle Catholic Church. A Funeral Mass will follow at 11 a.m. Family and friends will gather at 1 p.m. on Tuesday at St. Thomas Columbarium for entombment services. In lieu of flowers, memorials contributions may be made to One Heart Colombia, in care of Margaret Logan, 2419 Bauer Road, Batavia, OH 45103. Click Funeral Home, 109 Walnut Street, Lenoir City is in charge of arrangements.

Mary Dodson Wilbourn (1932-2018) - Mary passed away peacefully on February 19, 2018 due to complications from a stroke. She was a woman with a great sense of responsibility, competitiveness and faith with a love of the

arts and her family. An accomplished artist, Mary pursued her love of painting as a second career when she opened The Mary Wilbourn Gallery in 1989. She was active in the Gallery until her stroke in 2015. She was the daughter of Lester and Mildred Dodson. Mary was a graduate of Central High School Class of 1950 and remained an active alumni until her stroke. She leaves behind her daughters, Jan Fields,

Debi (Mark) Tuttle; son, James Fields, along with sisters, Jeanne Ferrill, Terry (Pat) Piper and many loving nieces, nephews, grandnieces and grandnephews. A Celebration of Life will be held on Friday, February 23rd from 1 p.m. to 3 p.m. at Click Funeral Home in Lenoir City. In lieu of flowers, please make donations in her name to CHS Class of 1950 Alumni Association, P O Box 5544, Knoxville, TN 37928. Click Funeral Home, 109 Walnut Street, Lenoir City is in charge.

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Trio ctd. from pg. 2

and owner, Angelina Noce. While conducting the search, Officer asked Mr. White to step from the vehicle. Officer Jason Arden, who was assisting, believed Mr. White had attempted to hide something in the vehicle prior to exiting. While patting Mr. White down, Officer Arden immediately discovered a pill bottle in the cargo pocket of his pants. When asked about the contents he advised it was Suboxone, although the bottle was suppose to contain Clonazepam. Inside the pill bottle was a small bag of a crystal like substance believed to Methamphetamine (approx. 3 grams), 4 round, blue pills determined to be Alprazolam 1mg, and 2 white pills determined to be Adderal 20mg. This did occur in Lenoir City, Tn.

Fraud

nearly \$9 million in restitution to their victims.

Robertson is a former University of Virginia football star who had worked for a large broker-dealer and was licensed as a broker. Vaughn had a business degree from another Virginia college but has never been licensed as a broker. Together, in 2010, the pair formed Cavalier Union Investments, LLC, which claimed to be a "leading private investment firm" catering to IRA account holders and offering investment opportunities—with fixed annual returns of 10 to 20 percent—in restaurants, real estate, and alternative energy. Cavalier purportedly had a variety of divisions, investment funds, and investment advisers.

But in reality, Cavalier did not have any divisions, investment funds, or investment advisers—it was just Robertson and Vaughn. And what a pair they were—Robertson no longer had his broker's license, and Vaughn had filed for personal bankrupt-

cy four times, including the two times he did it while working at Cavalier. Shortly after the company was formed, Cavalier became insolvent and relied on cash from newer investors to stay afloat and pay back older investors who asked for their money back—the perfect Ponzi scheme, at least for a while.

Their company was simply the vehicle that Robertson and Vaughn used to con money from financially unsophisticated vic-

tims through family, church, school, and football connections, mostly through Robertson. Robertson identified and solicited the investors, while Vaughn focused on developing the investment "opportunities."

And these opportunities were bogus—beginning with the fact that while investors thought they were transferring their tax-deferred retirement sav-

see fraud conc. pg. 7

PUBLIC NOTICE

The Lenoir City Utilities Board conducts their monthly Board Meetings on the third Monday of every month at 4:00 p.m. The meetings are held in the Hamby-Smith Board Room of LCUB located at 7698 Creekwood Park Blvd., Lenoir City, Tennessee 37772. The schedule for 2018 is as follows:

- February 19, 2018 (Cancelled in Observance of President's Day)
- March 19, 2018
- April 16, 2018
- May 21, 2018
- June 18, 2018
- July 16, 2018
- August 20, 2018
- September 17, 2018
- October 15, 2018
- November 19, 2018
- December 17, 2018

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Come Out and See What Everyone Is Talking About

Fraud conc. fro, pg. 5

ings accounts to similar tax-deferred accounts at Cavalier, the company wasn't even registered or qualified to accept and manage these kinds of accounts.

"These guys took advantage of the common bonds they shared with their victims, and their victims trusted them." David Hulser, special agent, FBI Richmond

Investors' checks were simply deposited into business accounts—not investment accounts—while Robertson and Vaughn took huge commissions off the top and used investor funds for their own personal living expenses, including mortgage and car payments, school tuitions, spa visits, restaurants, department stores, and vacations. The two men, probably in an

attempt to generate goodwill for their company and solicit additional clients, even donated some of their victims' money to charity, one of which was controlled by Robertson's family.

The FBI's Richmond Division became involved in the case in late November 2015 after a referral by the Securities and Exchange Commission (SEC). The SEC had begun its own regulatory/civil investigation into the practices of Cavalier Union Investments several months earlier, and that investigation continues as the SEC seeks permanent injunctions, return of ill-gotten gains with interest, and civil penalties from Robertson, Vaughn, and Cavalier Union Investments.

During the criminal investigation, we worked closely with our partners on the Virginia Finan-

cial and Securities Fraud Task Force—and are particularly grateful for the expertise of the U.S. Postal Inspection Service and the Internal Revenue Service-Criminal Investigation Division—along with the Virginia State Corporation Commission. After investigators interviewed victims and analyzed voluminous company records, bank records, and personal finance records of the two subjects—with the invaluable assistance of an FBI Richmond forensic accountant—there was ample evidence to charge Robertson and Vaughn in connection with the fraud scheme.

Several other conspirators of Robertson's were charged in a spin-off bank fraud scheme—all three have pleaded guilty, two have been sentenced, and the third will be sentenced shortly.

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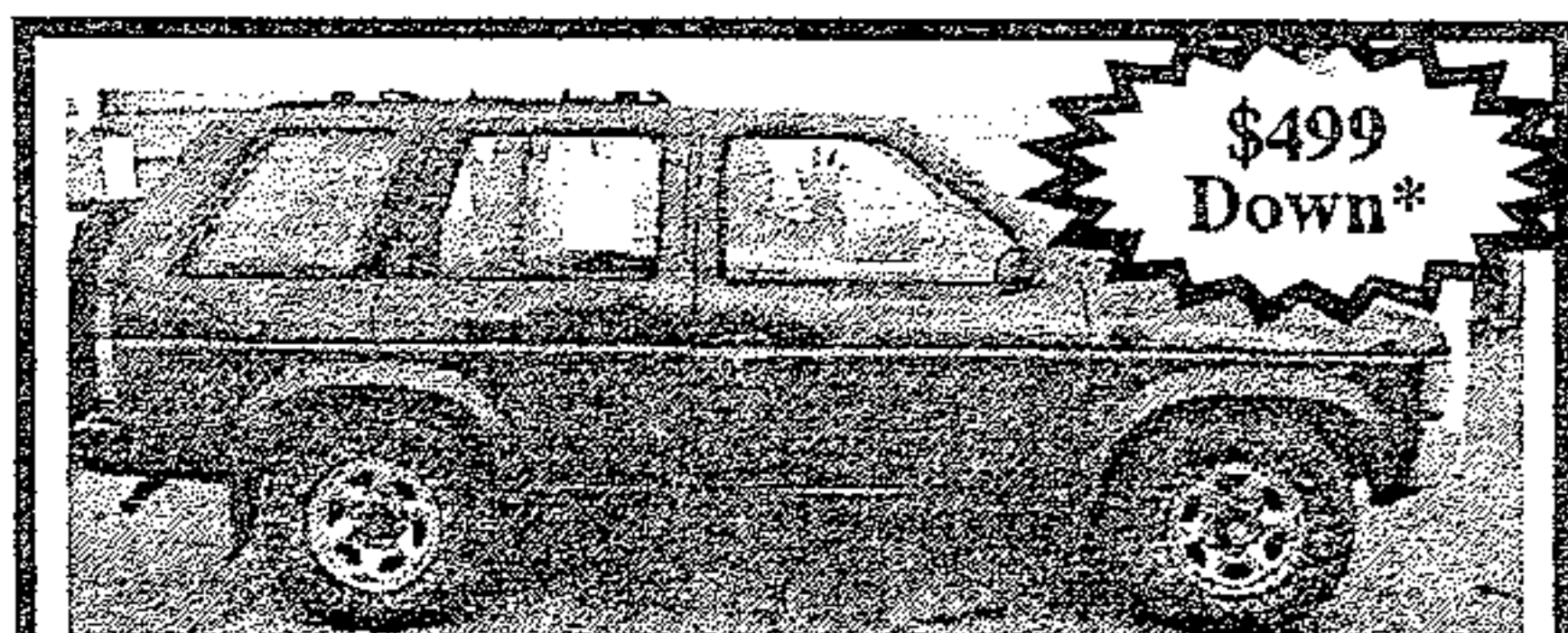
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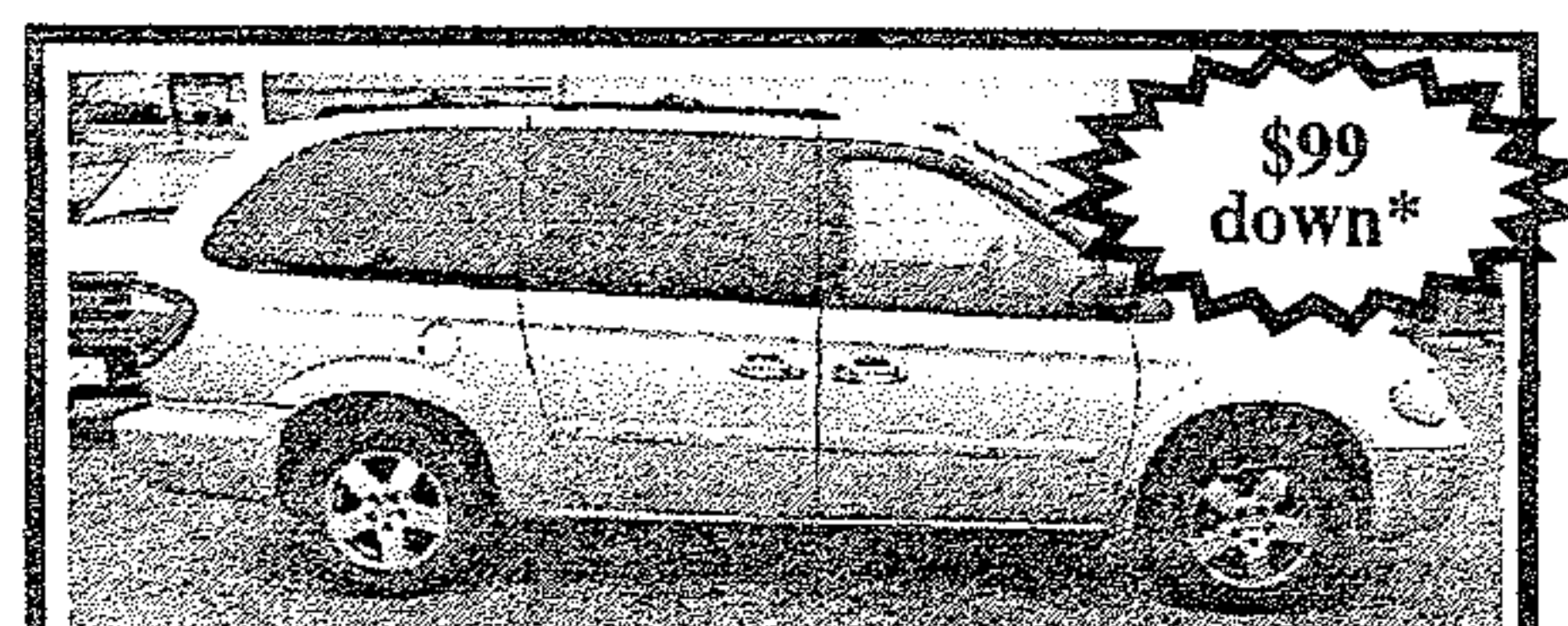
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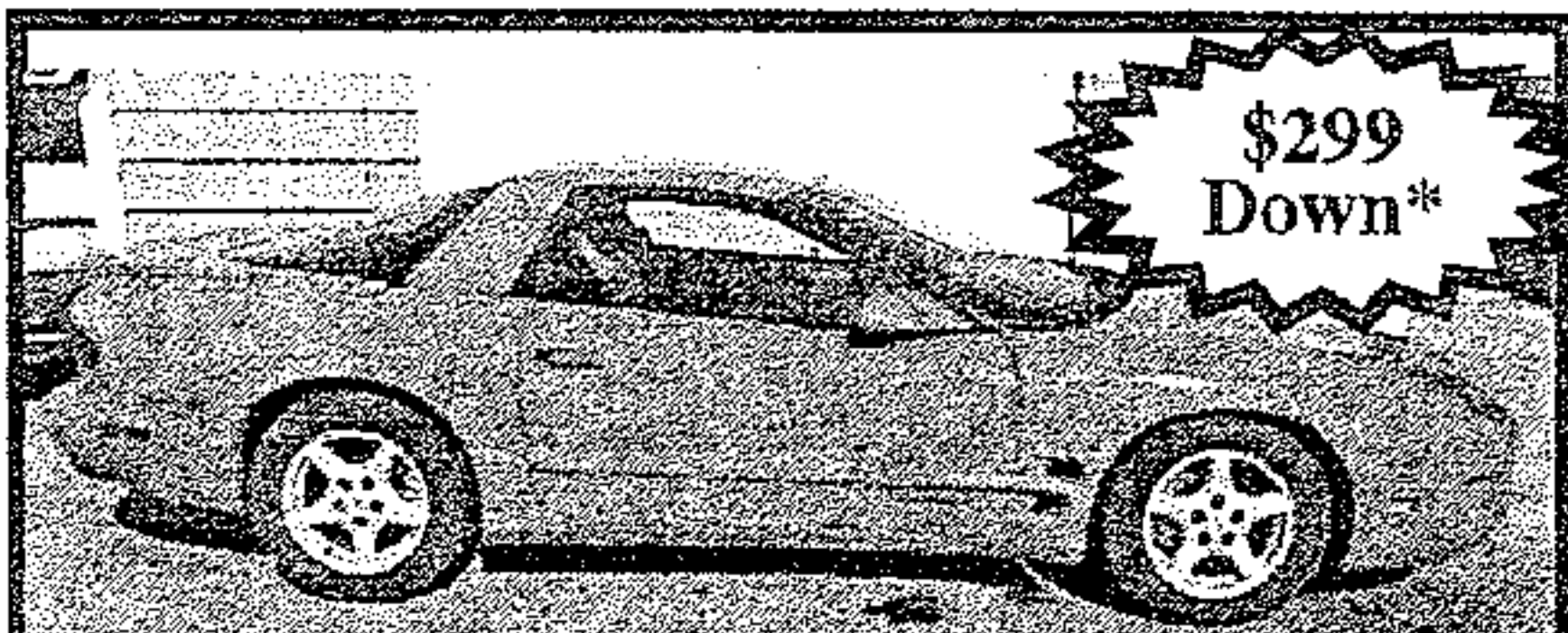
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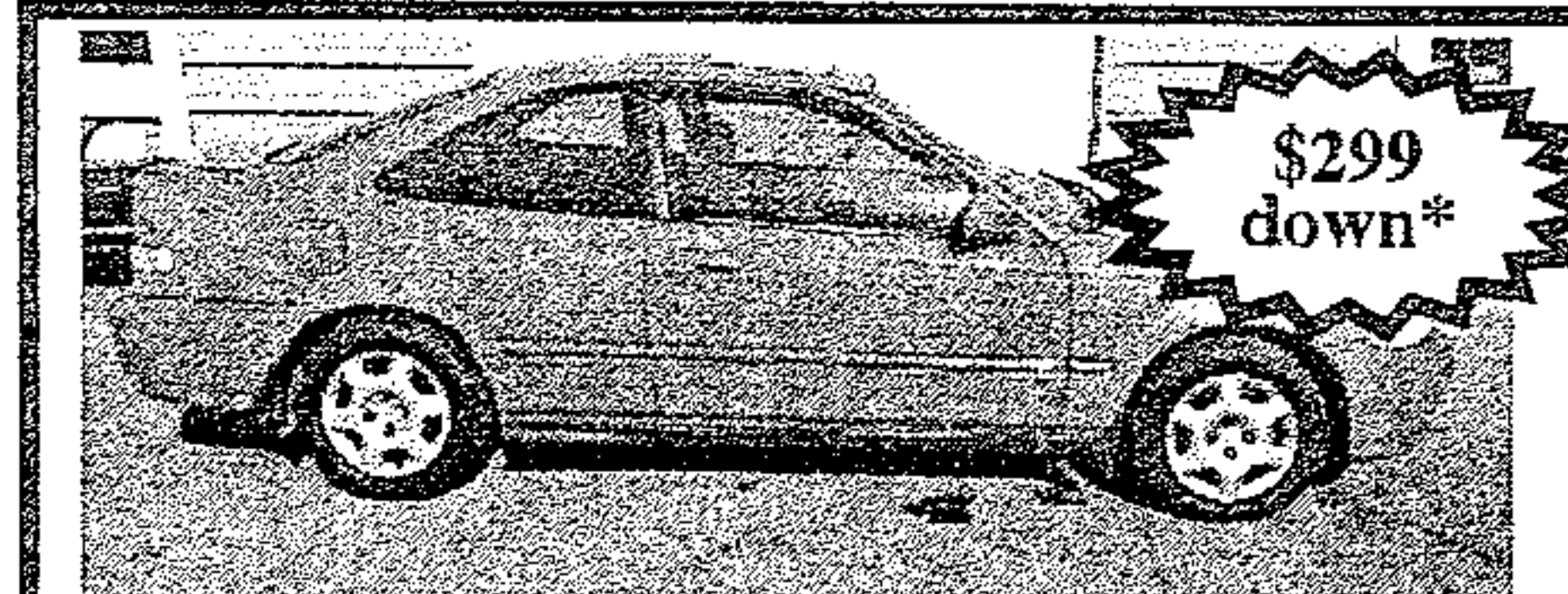
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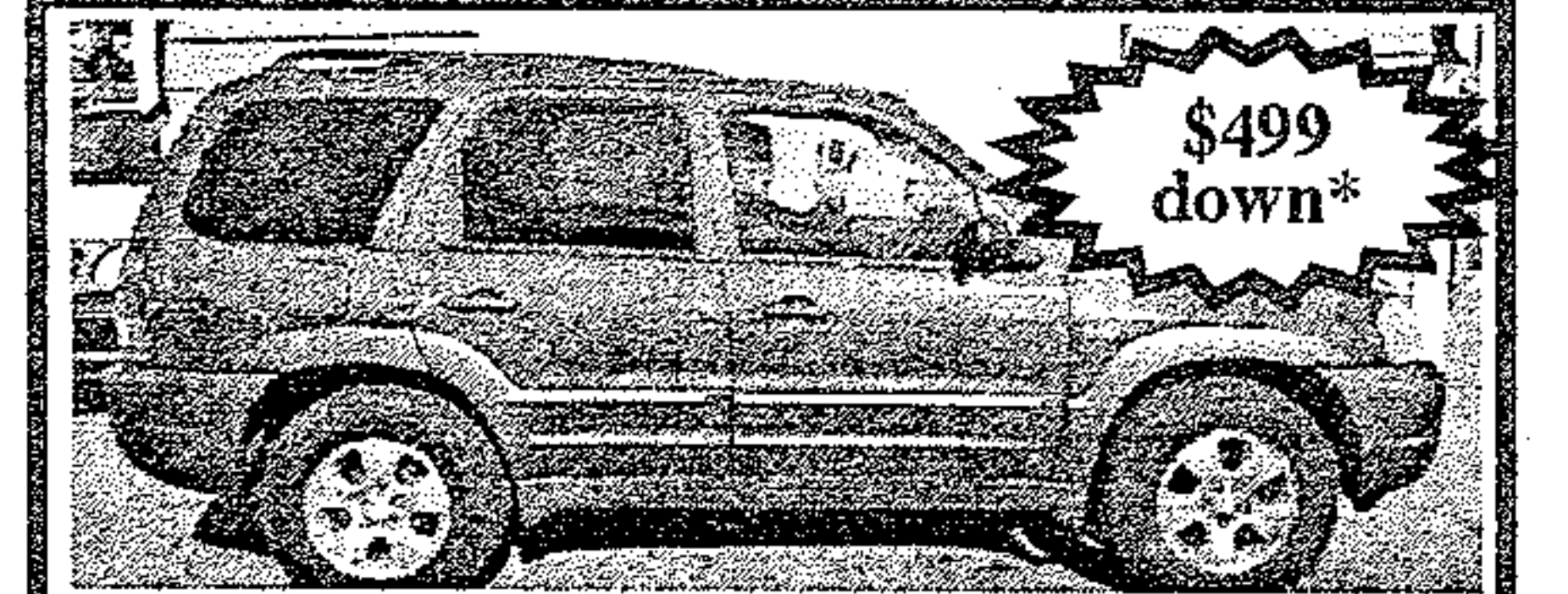
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