

Minutes of the
Arkansas Board of Cosmetology

August 11, 2004

Pursuant to notice timely given by the Board Chair, the Arkansas Board of Cosmetology met on Wednesday, August 11, 2004. The meeting was held in the Board's Exam Facility Classroom at 101 East Capitol, Little Rock.

MEETING CALLED
TO ORDER

President Cliff Keene called the meeting to order at 9:00 a.m.

ROLL CALL

Roll was called with the following members present:

	Clifford Keene	President
	Johnnie Siebel	1 st Vice President
	Brenda Gray	2 nd Vice President
	Jane Powell	Treasurer
	Veda Traylor	Secretary
	Nick Downey	Board Member
	La Joy Gordon	Board Member
	Mitzie McKinney	Board Member
Absent	Patricia Turman	Board Member
	Sherron West	Board Member

The following individuals were also in attendance: Derwin Taylor, Director; Linda Davis, Business Controller; Cheryl Esaw, Administrative Assistant; Arnold Jochums, Attorney; Margaret Hardiman, Margaret's Hair Academy; Chris Pyle, Governor's Office; Barbara Ward, Arkansas Beauty College; Don Crook, Arkansas Beauty School – Conway; Linda Lee, Lee's School of Cosmetology; Susan Smith, Mellie's Beauty College; Jacque Hayden and George Graden of Lynndale's; and Chris Strawn of Arthur's Beauty Colleges.

GENERAL
BUSINESS

President Keene opened the meeting with the information that the Auditors had come into the office on Thursday, August 5, 2004, to audit fiscal year 2003. On Friday, they called Mr. Keene when problems were found relating to deposits and missing monies.

Esaw

Mr. Keene and Arnold Jochums, the attorney, questioned Cheryl Esaw regarding the deposit and any knowledge she has about missing monies. She stated that regarding deposits, all she knows is that every so often she is asked to take the money to State Treasury. That in February 2004, \$70 cash was missing from her locked box in the safe. She repaid the money but, doesn't know how it came up missing since she is the only one with a key. She told of the procedures for counting the money and placing in safe. That she was under the impression her money was there until the day it was taken out of safe for a deposit. After being asked regarding other missing money, she stated that Linda Whitlow had approximately \$800

missing from that same time frame for the deposit. She did not know until the day her money came up missing that money had been missing from an earlier deposit.

Whitlow

Mr. Keene and Mr. Jochums asked Linda Whitlow what she knew regarding missing monies from deposits. Mrs. Whitlow related how in February, she was attempting to make a deposit and \$281 cash was missing from one of her days of revenue. That once Mr. Taylor had been told about it, his response was that he was afraid of something like this since he had been leaving his set of keys where someone could get to them. He agreed to pay half of the money and Mrs. Whitlow paid half. Then in March, upon trying to make another deposit, Mrs. Whitlow found that Cheryl Esaw's money was short \$70 one day and February 18 of Mrs. Whitlow's was completely gone. Mrs. Whitlow asked Mr. Taylor to contact the State police or whoever was necessary, as someone had been in her drawer again. Mr. Taylor stated that no one could get into the safe drawer as he was locking the keys up at home and Mrs. Whitlow was the only other person with a key. Mrs. Whitlow was distracted around that time as her Grandmother was ill so she could have gotten side-tracked and laid the money down somewhere, although that had not happened before. Cheryl paid the \$70 she was short and Mrs. Whitlow paid \$368 that day and \$50 every pay day after that until the end of the fiscal year and paid the remaining \$150 so as to get it deposited during the fiscal year it was missing.

The week before the end of the fiscal year Mr. Taylor called and said he was sick and his Dr. had ordered him to be off for a few days that, he would be in sometime after work to sign any bills or anything needing his signature. Mrs. Whitlow left a memo requesting that he leave his money somewhere in the safe so she could get it to make a deposit. The money was not made available. On June 28, Mr. Taylor came to work and told Mrs. Whitlow about his sister coming into the office after hours and taking the money out of his bank bag and that \$2,463 was missing. Mrs. Whitlow then made a deposit short \$2,463. The next week, a letter was typed by Mr. Taylor absolving Mrs. Whitlow of any responsibility for the missing money.

Questions were asked by the Board members and answered by Mrs. Whitlow regarding the deposit procedures, the way money is handled in the office and locking up money in the safe.

Mr. Keene asked Mrs. Whitlow about the auditors coming into the office and what happened regarding the money. She explained that they came into the office on Thursday, August 5. Mr. Taylor was not in that day but, when he called in she told him the auditor's were there. On Friday morning, one auditor, Mark Avery, asked how long it had been since a deposit had been made and took all the revenue receipt reports to look at. Approximately one hour later, Mr. Avery stated that since it had been so long since the last deposit, they were going to do a surprise cash count. The only money available at that time was Mrs. Whitlow's and Ms. Esaw's. No one could get into the safe drawer to get Mr. Taylor's. The auditor's asked Mrs. Whitlow to call Mr. Taylor in for a cash count. Upon talking to Mr. Taylor, he wanted to wait until Monday so he spoke with the auditor. The auditor stated that Mr. Taylor was in Tennessee so he could not get here to open his drawer. Mr. Avery called his Supervisor and he came over with an internal auditor from DFA and the Assistant Director of Legislative Audit, Jerry Spratt. They stated that they had spoken with the prosecuting attorney's office, the AG's office and they were here to cut the lock off Mr. Taylor's drawer which they did. When the drawer was

opened, the bank bag was not in it. They then went through every drawer, wastebasket, closet, etc in the office and the exam rooms and could not find the bank bag. They had a locksmith come over and open Mr. Taylor's desk and the bag was not in it. They got a lock exactly like Mr. Taylor's and had it keyed the same and placed it on his drawer in the safe and waited until Monday. They had me call Mr. Taylor and tell him that they would be doing a cash count on Monday morning at 8:00. When Mrs. Whitlow got to the office on Monday, August 9, Mr. Taylor's truck was in the parking deck but no lights were on in the office or exam facilities. She sat and drank coffee with Mr. Keene, Mrs. Traylor and Mrs. Gordon. When she went to the office, Mrs. Esaw was there and shortly thereafter, Mr. Taylor came in. He was in his office about a minute and came back out carrying two trashcans and walked to the area where the safe is. Mrs. Whitlow heard him getting into his drawer and he walked away from the safe with the bank bag under his arm.

Keene

Received a call on Friday from Tom Bullington regarding the audit and that problems had arisen. He then got another call from Jerry Spratt regarding the audit; opening the safe and searching the office. Mr. Keene went to office on Monday and talked to Mr. Spratt. He was told to stay away until necessary. He was called at 10:30 and asked to return to meet with Mr. Spratt. He was told the sequence of events regarding the missing money and explained it to the Board. He was told to talk to the Attorney General's office regarding the missing money which he did. He was questioned by the Board regarding the money, where it had been kept and the retrieval of it as per the auditors.

Taylor

Mr. Taylor was asked about the missing monies; what had happened and the outcome. Mr. Taylor explained why he paid half of the \$281, what happened with the \$868, changing the combination of the safe, new locks, etc. After that, changes were made regarding money being given to him every evening. He explained that he had talked to Arnold Jochums at the Attorney General's office and told him how it was being handled and that the procedure in the past when money was missing was that person paid it back.

Mr. Taylor was asked how the \$2463 came up missing. He explained that one day after everyone had left, his sister came in. He had placed the money bag, with the key in the lock, on a ledge on his desk. While his sister was on his computer, he locked her into the office and went to the parking deck to retrieve his truck and park it out front as it was hard to get out of the parking deck after work. During that time, the money was unsecured. When he returned to the office, he placed the money in the safe. Several days later, he found out that his sister had jumped bail, was missing and was in trouble. He then thought about the time his sister was left in the office alone with the money. He then got the money and found the money short. He went through each day and found out how much money was missing and recorded it. When he came back after being sick, he told Mrs. Whitlow about his sister and they discussed what should be done. At that time, Mrs. Whitlow took the money, and verified the amount of missing money and made the deposit short the \$2,463. A check was written for \$200 to start repaying the money.

Mr. Keene asked Mr. Taylor to explain about the fact that no money was in his drawer in the safe when the auditors cut the lock. He disputed some of the statements regarding the Auditors. They asked him questions and then they would rephrase the question and he said that was not what they said. He explained that he had been contacted by the Auditors on Friday and was told about the cash count on

Monday. When he came in Monday, they asked had the money been in the safe all weekend and he said yes, then when they showed him the cut lock, he said that was not the way they had phrased the question that the tape had messed up and the whole interview was not there. Mr. Taylor stated that when he left on Wednesday, everyone was already gone so he could not place his money in the safe. That during the whole time he had been employed with the Board, he had only opened the safe maybe twice; that it was a difficult process so he chose not to open it that night and just place his money under a filing cabinet. When Mrs. Whitlow saw him coming from the safe with the money, that was after he had already placed it in the safe. Then he got it out after the Auditor's asked for it. Many questions were asked by Board members regarding keeping the money under a file cabinet when he left on Wednesday and why he did not return to the office on Thursday to place the money in the safe instead of leaving it out all weekend. He responded to the questions explaining again about his sister coming to the office to type a resume and leaving the money bag in the office with her then placed it in the safe and locked it before they left. He explained that he checked the bag 2-3 days after finding out that his sister was in trouble. After questioning, he stated that his sister was there on June 18. He came into the office one day the next week to sign items and check the money and found it missing.

Several questions were asked regarding timecards and discussion was held regarding employees clocking in and out versus timesheets mandated by the State. Ever since Mr. Taylor has been Director, the Board has scrutinized every decision he has made so he made the call on his own. When he came on as Director, Board members have even accused him of taking their budget money. On many occasions, Board members have not supported his decisions. In terms of this money being missing, he went back and looked at it and changed what he thought was appropriate. When he first started, the Board was way in the red and didn't have enough money to give exams etc. They were almost to the point where the Board would have to shut down.

Mr. Taylor clarified the \$281 and why he paid half of it, and then explained about the missing \$868 and changing the locks, the safe combination and purchasing the blue bank bags and having the money given to him each evening before the employees leave. He explained how he is responsible for budget, inter-office monies, etc. learning FoxPro and how it works. He explained that with the new licensing system it would record the type of money that was sent in which would be of help in balancing the money. The Director was and should be out of the loop regarding handling the money. In terms of making changes regarding the deposits, he talked to DFA and made appropriate changes. What was in place when he came, worked until February. He did not plan to come in and change things. In terms of the Auditors, Mr. Taylor asked for copy of tape or to back up tape and replay to see what was actually said, and the tape was not working. He knows what the write-up will be regarding the money missing from Cheryl Esaw; Linda Whitlow and him. That new locks were purchased but, Teri discovered that the new keys opened all locks so the old locks were put back on and bank bags were purchased to place in each drawer.

Executive Session

The Board met in executive Session.

General Session

The Board came back into General session.

Johnnie Siebel moves to terminate Mr. Taylor effective immediately. Seconded by Veda Traylor. Motion carried. Gray and West opposed.

Veda Traylor moves to make Linda Whitlow Acting Director. Seconded by Johnnie Siebel. Motion carried. Opposed Gordon and Gray.

Siebel moves to allow Clifford Keene make decisions after polling them regarding Linda Whitlow. Seconded by Veda Traylor. Motion carried.

Johnnie Siebel moves to adjourn. Seconded by Mitzie McKinney. There was a statement from Brenda Gray. Motion carried.

ADJOURN

The meeting was adjourned at 1:30 p.m.

Respectfully submitted

Linda Whitlow, Acting Director
August 20, 2004