

**STATE ETHICS COMMISSION
COMPLAINT 2010-020
IN THE MATTER OF GOVERNOR
MARK SANFORD**

ATTACHMENTS I – P

DAVID L. THOMAS
SENATOR GREENVILLE COUNTY SENATORIAL
DISTRICT NO. 8

GREENVILLE ADDRESS
23 WADE HAMPTON BLVD.
GREENVILLE, SC 29609
(864) 271-6371

SENATE ADDRESS:
SUITE 410, GRESSETTE BUILDING
P O BOX 142
COLUMBIA, SC 29205
(803) 212-6240



COMMITTEES

BANKING AND INSURANCE, CHAIRMAN
CORRECTIONS AND PENOLOGY
FINANCE
MEDICAL AFFAIRS

August 10, 2009

Senator Hugh Leatherman
111 Gressette Building
Columbia, SC 29202

Senator Glenn McConnell
101 Gressette Building
Columbia, SC 29202

Dear Senator Leatherman and Senator McConnell,

I am now reporting to you concerning intercontinental flights that Governor Sanford made to London and China within the past year and a half. Data requested by the Constitutional/Administrative Subcommittee of the South Carolina Senate Finance Committee has confirmed that these flights made by Governor Sanford violated the South Carolina Code of Regulations. The salient documents are provided for your review.

- I. The flights were paid for by the state on 8/23/06 and 8/22/07 as documented in the Comptroller General's report (See Exhibit 1). No offset from any private source is documented by either the Department of Commerce or the Comptroller General.
- II. The Governor flew to London via Envoy/Business (first class for overseas flights) class at a cost of \$7,065.23 and flew to China at a cost of \$12,215.31 (See Exhibit 1).
- III. The Code of Regulations in South Carolina mandates that the most economical method of flight be used unless an exigent situation exists, and there is no emergency indicated in either of these flights (See Exhibit 2, Code of Regulations 19-101). The difference in price between the most economical and the more expensive price of the seats the Governor chose is approximately thirteen thousand seven hundred dollars (See Exhibit 3). Other staff and dignitaries also flew on these flights but in economy class, which did not violate the Code of Regulations.
- IV. Conclusion: The two flights by Governor Sanford were in violation of the South Carolina Code of Regulations. Approximately thirteen thousand seven hundred dollars exceeded the cost of the most economical flights available.

Sincerely,

A handwritten signature in black ink that reads "David L. Thomas".

David L. Thomas

Enclosures

STATE OF SOUTH CAROLINA

VOUCHER

TO THE COMPTROLLER GENERAL...

The attached bills are approved for payment as follows:

070455
CIRCLE IF SPECIAL TYPE
1 YES/NO (TRAVEL)
2 DESCRIPTION (RECORD)
3 ISSUING ATTACHED

P32 S C DEPARTMENT OF COMMERCE

08/23/06 07
DATE FY

T P32 060823
6 002 003

COMPTROLLER GENERAL'S WARRANT NUMBER

AMERICAN EXPRESS

PA:EE

VEHICLE AND SOCIAL SECURITY IN

$$\frac{5n}{\Lambda}$$

103

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment therefor.

PO BOX 360001

ADDRESS

WEIDEN REFERENCE

CCDC 1001166

CITY/COUNTY DISTRICT NAME

FT. LAUDERDALE

FL

33336-0001

STATE

215

CHIEF PHILIBERT

ANTIBIOTICS

13,245.73

ACCOUNT'S PAYABLE TEAM LEADER

SID VYUAE

DA16

FILE	TRANS CODE	AIRLINE CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	EMPLOYMENT NUMBER	M O D	PROJECT CODE	TRAVELER'S LAST NAME	AGENCY REFERENCE	OBJECT CODE	DATE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	S L N	TRAVEL		C G R	C G USE ONLY
															NO MILES	NO TRIPS		
02	617	8031	1001					SANFORD	M	0523			D110					
												7,065.23		S		1 00		
								ELLENBERG	J W			5,850.50		S		1 00		
02	640	8032	1001							0417		220.00	B120					
2	640	8032	1001							0417		55.00	B110					
02	640	0201	1001							0417		55.00	S110					

STARS FORM 160 10 1 80

TOTAL

CG AUDITOR

TU FEE The attached check is in payment of (To be filled in by Department



Corporate Card Statement of Account

Statements

www.americanexpress.com/checkyourbill

Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 1 of 19

Balance Please Pay By
Due \$ 08/21/06

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$
2,837.94	13,115.99	495.00	2,837.94	100.13

13,510.86 For important information
regarding your account
refer to page 2.

Your payment is due in full. Please pay by 08/21/06.

For assistance or questions about your account, contact us at www.americanexpress.com/checkyourbill or call
Customer Service at 1-800-528-2122.

Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
	MANDY KIBLER	0.00	-2,837.94
	WILLIAM H LACEY III	55.00	0.00
	STUART C THOMPSON	12,970.73	0.00
	CLARE F MORRIS	55.00	0.00
	AMY ECKMAN MURRAY	55.00	0.00
	MEREDITH CULLY	55.00	0.00
	JESSICA M DALY	55.00	0.00
	CHARLES GREGORY GUEST	55.00	0.00
	MELISSA MOISE MCLEOD	55.00	0.00
	AMY GABRIEL THOMSON	255.26	-100.13
	Total	13,610.99	-2,938.07

Rec'd in Acct
AUG 22 2006
DIV. OF ADMINISTRATION

Activity

Date reflects either transaction or posting date

Card Number	Reference Code	Amount \$
07/22/06	PAYMENT RECEIVED - THANK YOU	-2,837.94
	04397000000	0.00
	New Charges/Other Debits	0.00
	Payments/Other Credits	-2,837.94
	Total for MANDY KIBLER	

Handwritten signature and date 8/17/06

Payment Coupon

Please Pay By
08/21/06

Payable upon receipt in
U.S. Dollars.

Please enter account
number on all checks and
correspondence.

Checks or drafts must be
drawn against banks
located in the U.S.

Check here if address,
telephone number, or
e-mail address has
changed. Note changes on
reverse side.

MANDY KIBLER
SC DEPT OF COMMERCE
1201 MAIN ST # 1600
COLUMBIA SC 29201-3261

Total Amount Due
\$13,510.86

Handwritten: 13,245.73

Mail Payment to:

AMERICAN EXPRESS
P.O. BOX 650448
DALLAS TX 75265-0448





Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 3 of 19

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
Total for WILLIAM H LACEY III		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

08/05/06

Activity Continued

Card Number		Reference Code	Amount \$
		03900000906	55.00
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07		7,005.23
07/07/06	US AIRWAYS COLUMBIA SC TKT# 0377640308921 PASSENGER TICKET SANFORD/MARSHALL.GOV US AIRWAYS FOREST LAKE TRAVEL I COLUMBIA SC FROM CHARLOTTE NC TO CARRIER CLASS LONDON GATWICK UK US CR TO CHARLOTTE NC US CR	06907130000	40.00
07/07/06	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907640308921 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY SANFORD/MARSHALL.GOV TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597130000	20.00
07/08/06	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907640309007 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY SANFORD/MARSHALL.GOV TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597140000	20.00
07/12/06	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907640309300 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY ELLENBERG/JOHN TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597210000	20.00
07/18/06	DELTA AIR LINES TAMPA FL TKT# 0062181505808 ADDITIONAL COLLECTION ELLENBERG/JOHN DELTA AIR LINES DELTA AIR LINES INC. TAMPA FL FROM LONDON GATWICK UK TO CARRIER CLASS ATLANTA GA DL JR TO COLUMBIA SC DL JR	76000040000	145.03
07/20/06	DELTA AIR LINES COLUMBIA SC TKT# 0067640309300 PASSENGER TICKET ELLENBERG/JOHN DELTA AIR LINES FOREST LAKE TRAVEL I COLUMBIA SC FROM COLUMBIA SC TO CARRIER CLASS ATLANTA GA DL JR TO LONDON GATWICK UK DL JR TO MUNICH GERMANY TO ATLANTA GA DL JR	06707310000	5,685.47

Total for STUART C THOMPSON

New Charges/Other Debits
Payments/Other Credits

12,970.73
0.00

000546 R04A1A3A 00003



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 7 of 19

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55 00
Total for CLARE F MORRIS		New Charges/Other Debits Payments/Other Credits	55 00 0 00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 9 of 19

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
Total for AMY ECKMAN MURRAY		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 11 of 19

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
Total for MEREDITH CULLY		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 1 of 1

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
Total for JESSICA M DALY		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 15 of 19

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
Total for CHARLES GREGORY GUES		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Closing Date
08/05/06

Page 17 of 19

Activity Continued

Activity Continued		Reference Code	Amount \$
Card Number			
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
Total for MELISSA MOISE MCLEOD		New Charges/Other Debits Payments/Other Credits	55.00 0.00

TECHNICAL SUPPORT



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/05/06

Page 19 of 19

Activity Continued

Card Number		Reference Code	Amount \$
07/06/06	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/06 THRU 08/07	03900000906	55.00
07/19/06	VICTORIA HOUSE INN CHARLESTON SC 000006496 LODGING 07/18/06 ARRIVAL DATE DEPARTURE DATE 07/17/06 07/18/06 ROC NUMBER 000006496	00000006496	100.13
07/19/06	VICTORIA HOUSE INN CHARLESTON SC 000006497 LODGING 07/18/06 ARRIVAL DATE DEPARTURE DATE 07/17/06 07/18/06 ROC NUMBER 000006497	00000006497	100.13
07/22/06	VICTORIA HOUSE INN CHARLESTON SC 000006496 LODGING 07/21/06 ARRIVAL DATE DEPARTURE DATE 07/20/06 07/21/06 ROC NUMBER 000006496	00000006496	-100.13 Credit
Total for AMY GABRIEL THOMSON		New Charges/Other Debits Payments/Other Credits	255.26 -100.13

COMPTROLLER GENERAL'S WARRANT NUMBER

Exhibit 1: CHINESE STATE OF SOUTH CAROLINA

VOUCHER

TO THE

The attached bills are approved for payment as follows.

080522

CIRCLE IF SPECIAL TYPE
1 VALIDOR TRAVEL
2 DESCRIPTIVE RECORD
3 LISTING ATTACHED

P32	S C DEPARTMENT OF COMMERCE	08/22/07	08
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[illegible]

DATE	FY
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T P32 070822
6 002 001

AMERICAN EXPRESS

ON ALGEBRAICITY IN THE

5601 5A

PO BOX 650448

VEIENDOR REFERENCE NO.

CGDCONE

CITY/COUNTY DISTRICT NAME

DALLAS

TX

75265-11418

57

ZIP

TRIFUK PRILIBEN

ADDITIONAL

12,948.79

ACCOUNTS PAYABLE TEAM LEADER

SIGNATURE

DATE _____

08-22-07

I hereby certify that the articles purchased or services rendered as shown herein have been received and as in accordance with law and that the payee is entitled to payment thereof by the State of South Carolina.

F I I	TR-115 CODE	F I I I I CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	EMERGENCY NUMBER	M O D	PROJECT CODE	P I I	ASSIGNMENT REFERENCE	OBJECT CODE	P U R P O S E	TRANSACTION AMOUNT	MULTI PURPOSE CODE	TRAVEL			C G R	C G USE ONLY		
														S I N	NO MILES	NO TRIPS				
02	617	8032	1001						FORBES-JONES I M	0523		1,299.55	B110		S		1	00		
02	640	8032	1001							0417		55.00	B120							
02	640	8032	1001							0417		55.00	B120							
02	640	8032	1001							0417		55.00	B120							
0	40	8032	1001							0417		55.00	B120							
02	640	8032	1001							0212		6,930.00	B120							
02	640	8031	1001							0417		55.00	E150							
02	640	8031	1001							0212		29,989.52	D110						R	
02	640	8799	1001							0417		55.00	E500							
02	617	8031	1001							0523			D110							

STARS FORM 150 IQ 180

TOTAL

CG AUDITOR

FIG 2-1-1EE The crunched check is in payment of FTO to be lifted in by Department

STATE OF SOUTH CAROLINA

VOUCHER

TO THE COMPTROLLER GENERAL.

The attached bills are approved for payment as follows:

P32 S C DEPARTMENT OF COMMERCE 08/22/07 08

AGENCY NO. AGENCY NAME

J33133497

V

DATE

BY

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment therefore from the State of South Carolina.

AMERICAN EXPRESS

FILE

VERNON NO. SOCIAL SECURITY NO.

V.S.

1093

PO BOX 650448

STREET ADDRESS

VERNON REFERENCE NO.

C.D. CODE

CITY, COUNTY, DISTRICT NAME

TX

75265-0448

STATE

ZIP

CHECK NUMBER

AMOUNT

\$ 12,948.79

SIGNATURE

DATE

08-22-07

ACCOUNTS PAYABLE TEAM LEADER

OFFICIAL TITLE

COMPTROLLER GENERAL'S WARRANT NUMBER

T P32 070822

6 002 001

080522

CIRCLE IF SPECIAL TYPE
1 VENDOR TRAVEL
2 DESCRIPTIVE RECORD
3 LISTING ATTACHED

TRIP CODE	TRIP CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	ENCUMBRANCE NUMBER	PROJECT CODE	TRAVELER'S LAST NAME (F.M.I.)	AGENCY REFERENCE	OBJECT CODE	TRANSACTION AMOUNT	FAULTY PURPOSE CODE	S.N.	TRAVEL NO. MILES	NO. TRIPS	C.G. USE ONLY
02	617	8189	1001			CRONIN JR	W C	0523	3,963.67	C21C	S	1	1 00	
						MILLER	E K		3,963.67		S	1	1 00	
						CRONIN JR	W C		3,963.67		S	1	1 00	
						SANBORN	M		12,215.31		S	1	1 00	
						ELLENBERG	J W		3,327.31		S	1	1 00	
						CRAWFORD	M J		1,905.81		S	1	1 00	
						DAVIS	T G		1,905.81		S	1	1 00	
						HALEY	N R		6,842.19		S	1	1 00	
02	640	8799	1001					0212	254.99	E500				
TOTAL									4707	72,927.83				

STARS FORM 1160 (0.1.80)

TOTAL

C.G. AUDITOR

TO PAYEE: The attached check is in payment of (to be filled in by Department)



Corporate Card Statement of Account

Sign-up For Online
Statements

www.americanexpress.com/checkyourbill

Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/04/07

Page 1 of 23

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$
11,459.19	42,608.31	550.00	11,459.19	29,989.52

Balance Please Pay By
Due \$ 08/19/07

13,168.79

For important information
regarding your account
refer to page 2

Your payment is due in full. Please pay by 08/19/07.

For assistance or questions about your account, contact us at www.americanexpress.com/checkyourbill or call
Customer Service at 1-800-528-2122.

Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
	MANDY KIBLER	0.00	-11,459.19
	STUART C THOMPSON	1,354.55	0.00
	AMY ECKMAN MURRAY	55.00	0.00
	MEREDITH CULLY	34,433.76	-29,989.52
	JESSICA M DALY	55.00	0.00
	CHARLES GREGORY GUES	55.00	0.00
	MELISSA MOISE MCLEOD	55.00	0.00
	AMY GABRIEL THOMSON	6,985.00	0.00
	JOHN XINWEI LING	55.00	0.00
	AMY THOMSON	55.00	0.00
	KAREN T OWENS	55.00	0.00
	Total	43,158.31	-41,448.71

Cancelled 8/9/07

Cancelled 8/9/07

Cancelled 8/9/07

Cancelled 8/9/07

Activity

Date reflects either transaction or posting date

** Foreign Currency conversion rate
is base rate plus 2.5%. See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
07/22	0015500000		-11,459.19
Payment RECEIVED - THANK YOU			
Total for MANDY KIBLER			
New Charges/Other Debits			0.00
Payments/Other Credits			-11,459.19

Handwritten signature and date 8/9/07

Please fold on the perforation below, detach and return with your payment

Payment Coupon

Account Number

Please Pay By
08/19/07

Payable upon receipt in
U.S. Dollars.

Please enter account
number on all checks and
correspondence

Total Amount Due
\$13,168.79

Checks or drafts must be
drawn against banks
located in the U.S.

Check here if address,
telephone number, or
e-mail address has
changed. Note changes on
reverse side

Mail Payment to:

AMERICAN EXPRESS
P.O. BOX 650448
DALLAS TX 75265-0448





Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

08/04/07

Page 3 of 23

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Card Number	Reference Code	Foreign Spending	Amount \$
07/04/07 ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55.00
07/12/07 US AIRWAYS COLUMBIA SC TKT# 0377677957290 07/11 PASSENGER TICKET FORBES.JONES/IAN US AIRWAYS FOREST LAKE TRAVEL I COLUMBIA SC FROM CHARLOTTE NC TO CARRIER CLASS PHILADELPHIA PA US QH TO MUNICH GERMANY US QH TO PHILADELPHIA PA US HH TO CHARLOTTE NC US HH	06907210000		1,256.55
07/12/07 TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907677957290 07/11 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY FORBES.JONES/IAN TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597210000		43.00
total for STUART C THOMPSON	New Charges/Other Debits Payments/Other Credits		1,354.55 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

Page 5 of 23

08/04/07

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
07/04/07 ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55.00
Total for AMY ECKMAN MURRAY		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

08/04/07

Page 7 of 23

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
7/04/07 ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55 00
7/13/07 GETTY IMAGES 877-438-8966 WA VUHC1B78F DIGITALIMAGE 07/12/07 DIGITALIMAGE ROC NUMBER 0061388110			254 99
7/15/07 HOTEL REGINA, PARIS FRANCE VOUS REMERCIE DE VOTRE VISITE		21,200.00 **European Union Euro	-29,989 52 Credit
7/19/07 DELTA AIR LINES COLUMBIA SC TKT# 0067679019059 07/18 PASSENGER TICKET MILLER/ERIC DELTA AIR LINES FOREST LAKE TRAVEL I COLUMBIA SC FROM COLUMBIA SC TO CARRIER CLASS ATLANTA GA DL Y1 TO MADRID SPAIN DL Y1 TO OPORTO PORTUGAL IB C TO MADRID SPAIN TP Y	06907310000		3,920 67
7/19/07 DELTA AIR LINES COLUMBIA SC TKT# 0067679019061 07/18 PASSENGER TICKET CRONIN/WILLIAM DELTA AIR LINES FOREST LAKE TRAVEL I COLUMBIA SC FROM COLUMBIA SC TO CARRIER CLASS ATLANTA GA DL Y1 TO MADRID SPAIN DL Y1 TO OPORTO PORTUGAL IB C TO MADRID SPAIN TP Y	06907310000		3,920 67
7/19/07 TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907679019059 07/18 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY MILLER/ERIC TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597310000		43 00
7/19/07 TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907679019061 07/18 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY CRONIN/WILLIAM TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597310000		43.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

Page 9 of 23

08/04/07

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Reference Code

Foreign Spending

Amount \$

7/21/07	CHINA SOUTHERN AIRLINES LOS ANGELES 202 TKT# 7847679019163 07/20 PASSENGER TICKET ELLENBERG/JOHN NOT RECORDED FOREST LAKE TRAVEL I COLUMBIA SC FROM PEKING CHINA TO CARRIER CLASS DALIEN CHINA CZ Y	06907330000	107 11
7/21/07	CHINA SOUTHERN AIRLINES LOS ANGELES 202 TKT# 7847679019213 07/20 PASSENGER TICKET CRAWFORD/MARISA NOT RECORDED FOREST LAKE TRAVEL I COLUMBIA SC FROM PEKING CHINA TO CARRIER CLASS DALIEN CHINA CZ Y TO PEKING CHINA CZ Y	06907330000	214 22
7/21/07	CHINA SOUTHERN AIRLINES LOS ANGELES 202 TKT# 7847679019214 07/20 PASSENGER TICKET DAVIS/THOMAS NOT RECORDED FOREST LAKE TRAVEL I COLUMBIA SC FROM PEKING CHINA TO CARRIER CLASS DALIEN CHINA CZ Y TO PEKING CHINA CZ Y	06907330000	214 22
7/21/07	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907679019161 07/20 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597330000	43 00
7/21/07	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907679019164 07/20 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY ELLENBERG/JOHN TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597330000	43 00
7/21/07	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907679019215 07/20 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY CRAWFORD/MARISA TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597330000	43 00
7/21/07	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907679019216 07/20 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY DAVIS/THOMAS TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06597330000	43 00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

Page 11 of 23

08/04/07

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5% See page 2 for details.

Card Number		Reference Code	Foreign Spending	Amount \$
7/04/07	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55.00
Total for JESSICA M DALY		New Charges/Other Debits		55.00
		Payments/Other Credits		0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

08/04/07

Page 13 of 23

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5% See page 2 for details

Card Number		Reference Code	Foreign Spending	Amount \$
7/04/07	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55 00
Total for CHARLES GREGORY GUES		New Charges/Other Debits		55 00
		Payments/Other Credits		0 00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

08/04/07

Page 15 of 23

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Card Number	Reference Code	Foreign Spending	Amount \$
7/04/07 ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	0390000907		55.00
Total for MELISSA MOISE MCLEOD		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

Page 17 of 23

08/04/07

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
7/04/07 - ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55.00
8/03/07 INTERNATIONAL TRADE WASHINGTON DC 24UA5346 ITA USFCS ITA USFCS ROC NUMBER 87702	08/02/07		6,930.00
total for AMY GABRIEL THOMSON		New Charges/Other Debits Payments/Other Credits	6,985.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

Page 19 of 23

08/04/07

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Card Number		Reference Code	Foreign Spending	Amount \$
07/04/07	ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55.00
Total for JOHN XINWEI LING			New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date

08/04/07

Page 21 of 23

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
17/04/07 ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	01900000507		55.00
Total for AMY THOMSON		New Charges/Other Debits Payments/Other Credits	55.00 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
08/04/07

Page 23 of 23

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5% See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
7/04/07 ANNUAL MEMBERSHIP RENEWAL FEE PERIOD 09/07 THRU 08/08	03900000907		55.00
Total for KAREN T OWENS			
			New Charges/Other Debits 55.00
			Payments/Other Credits 0.00

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Remaining Session Time: 29:53

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Thank you. Your request has been successfully submitted on 08/09/2007.

Please note this tracking number: 10688677

You can check the status of this or any tracking number in the [Status Tracking Area](#).

Copy it down or print out this page for your records.

This account is now cancelled. It is important that American Express maintain a current address for the Cardmember in the event of a final billing or disputed charge that would need to be communicated. Please use this link now, to provide the [home address](#) for this Cardmember.

Account Number**Account Name**

AMY ECKMAN MURRAY

Corporate Name

SC DEPT OF COMMERCE

As of Thu Aug 09 10:12:44 MST 2007, this account is Current.

Total balance is \$13,233.79 [\(Help\)](#)

Total balance includes all [unpaid](#) transactions (billed and unbilled)

Cancellation Reason: Card no longer needed

This cancellation is effective immediately.

To submit another transaction, enter the Account Number and click Next

Account Number: [\(Help\)](#)

NEXT

4mKilb
8/9/07

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Remaining Session Time: 29:56

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Thank you. Your request has been successfully submitted on 08/09/2007.

Please note this tracking number: 10688688

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Copy it down or print out this page for your records.

This account is now cancelled. It is important that American Express maintain a current address for the Cardmember in the event of a final billing or disputed charge that would need to be communicated. Please use this link now, to provide the [home address](#) for this Cardmember.

Account Number**Account Name**

JESSICA M DALY

Corporate Name

SC DEPT OF COMMERCE

As of Thu Aug 09 10:13:39 MST 2007, this account is Current.

Total balance is \$13,233.79 ([Help](#))Total balance includes all [unpaid](#) transactions (billed and unbilled)**Cancellation Reason: No longer with Company**

This cancellation is effective immediately.

To submit another transaction, enter the Account Number and click Next

Account Number: ([Help](#))

NEXT

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*mk
8/9/07*

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Remaining Session Time 29:54

[@ Work Home](#) [Program Maintenance](#) [Account Maintenance](#) [Reporting](#) [Reconciliation](#) [Other Solutions](#) [Resources & Help](#)

Thank you. Your request has been successfully submitted on 08/09/2007.

Please note this tracking number: 10688697

You can check the status of this or any tracking number in the [Status Tracking Area](#).

Copy it down or print out this page for your records.

This account is now cancelled. It is important that American Express maintain a current address for the Cardmember in the event of a final billing or disputed charge that would need to be communicated. Please use this link now, to provide the [home address](#) for this Cardmember.

Account Number**Account Name**

AMY THOMSON

Corporate Name

SC DEPT OF COMMERCE

As of Thu Aug 09 10:14:32 MST 2007, this account is Current.

Total balance is \$13,233.79 [\(Help\)](#)

Total balance includes all unpaid transactions (billed and unbilled)

Cancellation Reason: Card no longer needed

This cancellation is effective immediately.

To submit another transaction, enter the Account Number and click Next.

Account Number: [\(Help\)](#)

NEXT

Mike
8/9/07

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Thank you. Your request has been successfully submitted on 08/09/2007.

Please note this tracking number: 10688704

You can check the status of this or any tracking number in the [Status Tracking Area](#).

Copy it down or print out this page for your records.

This account is now cancelled. It is important that American Express maintain a current address for the Cardmember in the event of a final billing or disputed charge that would need to be communicated. Please use this link now, to provide the [home address](#) for this Cardmember.

Account Number**Account Name**

KAREN T OWENS

Corporate Name

SC DEPT OF COMMERCE

As of Thu Aug 09 10:15:14 MST 2007, this account is Current.

Total balance is \$13,233 79 [\(Help\)](#)Total balance includes all [unpaid](#) transactions (billed and unbilled)**Cancellation Reason:** No longer with Company

This cancellation is effective immediately.

To submit another transaction, enter the Account Number and click Next.

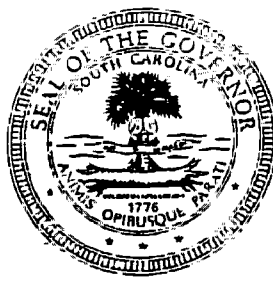
Account Number: [\(Help\)](#)

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4mKub
2/9/07



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE Box 12267
COLUMBIA 29211

August 13, 2007

Secretary Joe E. Taylor, Jr.
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, South Carolina 29201

Dear Joe,

The State of South Carolina has been invited to participate in the World Economic Forum meeting to be held in Dalian, China, September 5 – 8, 2007. South Carolina is the only state invited to send a delegation for this Inaugural Meeting. Our success with direct foreign investments was a key factor in the Forum's decision to extend an invitation to us.

In addition to members of the business community, the following persons from the Governor's Office and the General Assembly will be a part of the South Carolina delegation:

Governor Mark Sanford
Senator Greg Ryberg
Representative Nikki Haley
Ms. Marisa Crawford, Governor's Office
Mr. Tom Davis, Governor's Office

We are asking Commerce to assist in airfare, registration and other travel arrangements for the above listed delegates.

In partnership with the South Carolina China Office and the staff of Commerce, we look forward to this opportunity to showcase South Carolina.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Davis", with a large, sweeping flourish extending from the end of the signature.

Tom Davis
Chief of Staff

Inaugural Annual Meeting of the New Champions

- From Davos to Dalian -

Dalian, People's Republic of China 6-8 September 2007

In partnership with the government of the People's Republic of China, the World Economic Forum will bring together current and future world leaders at the Inaugural Annual Meeting of the New Champions in Dalian, People's Republic of China.

Similar to the established community of the members and partners of the World Economic Forum, this "Summer Davos" will create a global community of the most dynamic and fast-growing New Champion companies. This exclusive club will become a major force in the globalization process and a key partner to the world's leading top companies.

The CEOs of New Champions will have the opportunity to engage with a diverse group of the most important players shaping the future of business. They will be joined by CEOs of the world's most influential companies, international government leaders, leaders of the world's most

competitive cities and the fastest growing regions and states, gurus of the Web 2.0 world, some of the most remarkable leaders from our Community of Young Global Leaders and the international media.

"What you learn when you come to Dalian is that you ignore the faster growing markets at your peril"

Sir Martin Sorrell
Group Chief Executive, WPP

Programme Grid

Wednesday 5 September	Thursday 6 September	Friday 7 September	Saturday 8 September
From 09.00 Private Meetings	09.00-09.45 Plenary	09.00-09.45 Plenary	09.00-09.45 Plenary
15.00-20.00 Registration	10.00-11.00 Sessions	10.00-11.00 Sessions/Private Mtgs	10.00-11.00 Sessions/Private Mtgs
18.30-21.30 Welcome cocktail	11.30-12.30 Sessions	11.30-12.30 Sessions/Private Mtgs	11.30-12.30 Sessions/Private Mtgs
	12.30-14.00 Networking Lunch	12.30-14.00 Networking Lunch	12.30-14.00 Networking Lunch
	14.00-15.00 Sessions	14.00-15.00 Sessions/Private Mtgs	14.00-15.00 Sessions
	15.30-16.30 Sessions	15.30-16.30 Sessions/Private Mtgs	15.30-16.30 Sessions
	17.00-18.00 Opening Plenary	17.00-18.00 Plenary	17.00-18.00 Closing Plenary
	18.00-18.30 Aerial Message	19.30-21.00 Dinners	As of 19.00 Closing ceremony
	19.30-22.30 Fire Screen		

AUG 21, 2007 9:37AM

Forest Lake Travel

No. 0965 P. 2/7



FOREST LAKE TRAVEL

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ACCOUNT NO.
7270400

DATE
20JUL07

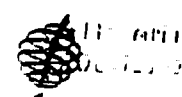
ELECTRONIC TICKET * POSITIVE IDENTIFICATION REQUIRED AT CHECK-IN
* REQUEST ITENS/CONDITIONS OF TRAVEL AND CARRIER LIABILITY NOTICES FROM
* TRAVEL AGENCY OF THE TRANSPORTING CARRIER.*

ISSUED BY FOREST LAKE TRAV. SVC INC COLUMBIA SC

CO	DATE	CITY-AIRPORT	TIME	FLIGHT NO./CLASS	ST. SECT./FAHIT
1	07/20/07	COLUMBIA SC	0800A	UNITED 7403T OR	
2	07/20/07	WAS/DULLES	1122A	BAOS ALLOWED- 2PIECE	OSTOF 060
3	07/20/07	OPERATED BY UNITED EXPRESS/		MESA AIRLINES	
4	07/20/07	SEAT		01A *RESERVED**	
5	07/20/07	SEAT		01A *RESERVED**	
6	07/20/07	SEAT		01A *RESERVED**	
7	07/20/07	SEAT		01A *RESERVED**	
8	07/20/07	SEAT		01A *RESERVED**	
9	07/20/07	SEAT		01A *RESERVED**	
10	07/20/07	SEAT		01A *RESERVED**	
11	07/20/07	SEAT		01A *RESERVED**	
12	07/20/07	SEAT		01A *RESERVED**	
13	07/20/07	SEAT		01A *RESERVED**	
14	07/20/07	SEAT		01A *RESERVED**	
15	07/20/07	SEAT		01A *RESERVED**	
16	07/20/07	SEAT		01A *RESERVED**	
17	07/20/07	SEAT		01A *RESERVED**	
18	07/20/07	SEAT		01A *RESERVED**	
19	07/20/07	SEAT		01A *RESERVED**	
20	07/20/07	SEAT		01A *RESERVED**	

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Forest Lake Travel
1617 Forest Drive, Ste B
Columbia, SC 29266
Office: (803) 714-1520
Cell: (803) 714-1520

www.forestlaketravel.net

To correspond or remit:
P.O. Box 4827
Columbia, SC 29260

VIRTUOSO-MEMBER



FOREST LAKE TRAVEL

189774 ITINERARY RECEIVED
 CODE 401 2
 DATE 17-08-2007
 DE-NO. 255 17-08-2007

DATE	17-08-2007
FLIGHT CLASS	ST. CLASS (0000)
TOTAL AIR FARE	12051.00
SERVICE FEE	45.00
AMOUNT CHARGED	12106.00

THIS AMOUNT WILL BE CHARGED TO CREDIT CARD. TX

IN ALL EMERGENCIES CALL 800-440-6666 CODE P-995
 RECONFIRM DIRECTLY W/ AIRLINE 24HRS PRIOR TO FLIGHT
 * DUE TO HEIGHTENED SECURITY PLEASE ARRIVE AT THE
 AIRPORT AT LEAST 2 HOURS PRIOR TO DEPARTURE**
 CANCELLATION OF NONREFUNDABLE TICKETS MUST BE MADE
 PRIOR TO DATE AND TIME OF DEPARTURE





FOREST LAKE TRAVEL

ISSUED BY: FOREST LAKE TRAVEL
PAGE NO: 1
TRIP ID: 001277
TRAVELER: 995 M-HU 995

30 DEPARTMENT OF COMMERCE
1201 MAIN STREET
SUITE 1800
COLUMBIA SC 29201

NAME: SARFORD-MARSHALL GOV

ACCOUNT NO. DATE
7000400 2007/07

* ELECTRONIC TICKET * POSITIVE IDENTIFICATION REQUIRED AT CHECK-IN
* REQUEST TERMS/CONDITIONS OF TRAVEL AND CARRIER LIABILITY NOTICES FROM
TRAVEL AGENCY OR THE TRANSPORTING CARRIER. **

ISSUED BY: FOREST LAKE TRAVEL SVC INC COLUMBIA SC

DATE	CITY-FLIGHT	TIME	FLIGHT NUMBER/CLASS	ST. SERV. AGENT
07/07/07	MEMPHIS-PKING	0800	CHINA SOUTHERN 61341 OR	
	MEMPHIS	0800	BAGS ALLOWED-20KILOS	05107 121

TRAVELER
SARFORD-MARSHALL GOV

TICKET NUMBER
E-842679019160

AIR FARE
107.11

ITEM	UNIT	PRICE
AIR FARE	USD	71.0
FUEL - EQUIVALENT	USD	74.00
TAX	USD	12.11
TOTAL AIR FARE	USD	157.11
AMOUNT CHARGED	USD	157.11

ALL AMOUNTS WILL BE CREDITED TO CREDIT CARD. **

FOR MORE INFORMATION CALL 800-496-8880 CODE E-998
CHECK IN DIRECTLY WITH THE CARRIER PRIOR TO FLIGHT
STAY IN THE AIRPORT SECURITY PLANE UNTIL AT THE
GATE AT LEAST 2 HOURS PRIOR TO DEPARTURE.
CANCELLATION OF FOREST LAKE TRAVEL TICKETS MUST BE MADE
PRIOR TO 24 HOURS PRIOR TO DEPARTURE.

Forest Lake Travel
4617 Forest Drive Ste B
Columbia SC 29206
Office: (803) 736-1520
Fax: (803) 782-3659
WATS: (800) 554-8736

www.forestlaketravel.net

To correspond or remit:
PO Box 6827
Columbia SC 29260



VIRTUOSO MEMBER
SPECIALISTS IN THE ART OF TRAVEL

Exhibit 2

**South Carolina Code of Regulations
(Unannotated)
Current through State Register Volume 32, Issue 9, effective September 26, 2008.
CHAPTER 19.
STATE BUDGET AND CONTROL BOARD
ARTICLE 1.
OFFICE OF EXECUTIVE DIRECTOR**

Statutory Authority: Act 178 of 1981, and 1976 Code Sections 4-29-140, 44-7-1590, and 48-3-140

19-101. Travel Regulations for State Employees; Policy.

These regulations apply to all employees of the State or agencies thereof not otherwise specifically covered by law.

19-101.01. Travel and Transportation at State Expense.

Travel and transportation at State expense will be authorized only when officially justified and by those means which meet State government requirements consistent with good management practices.

19-101.02. Economical Considerations.

Transportation to and from points of arrival and departure will be accomplished by the most economical methods.

19-101.03. Air Travel.

Travel by commercial airlines will be accomplished in coach or tourist class, except where exigencies require otherwise.

19-101.04. Definitions.

A. Permanent place of employment: The location of the place of activity where a State employee is regularly assigned and performs work. The corporate limits of the city or town in which the employee's place of work is located. If an employee is not employed in an incorporated city or town, his permanent place of employment is the place of work.

B. Residence: The fixed or permanent domicile of a person that can reasonably be justified as a bona fide place of actual residence.

C. Mileage allowance: A rate per mile in lieu of actual expenses of operation of a privately owned automobile. If a dependent accompanies an employee on an authorized business trip, only those expenses which may be directly attributed to the employee may be reimbursed.

19-101.05. Automobile Travel.

Auto travel should be by the most direct route practicable, and substantial deviation from distances shown by the current State Highway system map of the South Carolina Highway Department should be explained.

19-101.06. Mileage Between Employee's Home and Place of Employment.

Mileage between an employee's home and his/her place of employment is not subject to reimbursement. However, when an employee leaves on a business trip directly from his/her home, and does not go by the employee's headquarters, the employee shall be eligible for reimbursement for actual mileage beginning at his/her residence.

19-101.07. Travel and Subsistence Limitations.

Travel and subsistence limitations may be made more restrictive by the agency head or director as dictated by agency requirements.

19-101.08. Election to Travel by Automobile Rather Than Aircraft.

If, for his own convenience, an employee elects to travel by automobile when air travel is more economical he shall be entitled to reimbursement as follows:

- A. Mileage equal to the amount of coach or tourist air fare.
- B. Vicinity mileage incurred on official business in lieu of using a taxi.
- C. Parking fees equal to that which would have been incurred if the car had been parked at the airport.
- D. Subsistence based on date and time airline connections would have been made for departure and return. Any period of time exceeding these guidelines will be at the employee's expense and no subsistence will be paid.

19-101.09. Parking Fees; Fines for Motor Vehicle Violation.

Parking fees for state-owned vehicles are reimburseable. No reimbursement shall be made to operators of state-owned vehicles who must pay fines for moving or non-moving violations.

19-101.10 Mileage for Use of Privately Owned Vehicle.

The mileage allowance paid to State employees for the use of privately owned vehicles shall be in lieu of all expenses connected with the operation of the vehicle including but not limited to operating costs, depreciation, parking fees, tolls, et cetera. Provided, however, the employee may be reimbursed for storage or parking charges when it is necessary that the vehicle be left at a hotel, airport, or like facility.

19-101.11. Schedule of Maximum Meal Reimbursement.

The Budget and Control Board shall annually prepare a schedule of allowable deductions for meals which shall not exceed the total amount allowed in accordance with the General Appropriations Act. The Budget and Control Board may waive the provisions of this schedule for certain activities or functions performed by members of state boards, commissions, or committees who are not state employees. The Budget and Control Board shall furnish to each agency a copy of the schedule as soon as practicable after the passage of the General Appropriations Act.

19-101.12. Meal Reimbursements.

No reimbursement shall be made for meals within ten (10) miles of an employee's official headquarters or official place of residence. Agency heads or directors may increase this distance requirement as deemed appropriate.

19-101.13. Receipts for Expenditures.

Receipts for all expenditures other than taxi fares and meals shall be provided with the voucher requesting reimbursement.. Provided, however, that the Budget and Control Board may waive this requirement if the employee can furnish other acceptable evidence of expenditures subject to reimbursement.

19-101.14. Attendance at Statewide, Regional or District Meetings.

Employees required, as a part of their official duties, to attend statewide, regional or district meetings within the area in which the employee is headquartered may receive reimbursement for the cost of meals served at such meetings. Reimbursements for these meetings must have the specific approval of the sponsoring agency director who will notify other agencies involved.

19-101.15. Repealed 063)by State Register Volume 17, Issue No. 5, Part 1, effective May 28, 1993.

19-101.16. Overnight Accommodations.

No reimbursement for overnight accommodations will be made within fifty (50) miles of the employee's official headquarters or place of official residence.

19-101.17. Foreign Travel.

Any foreign travel of a State employee will require prior approval of the Budget and Control Board regardless of the source of funds financing such travel. For the purpose of this regulation, foreign travel is defined as any destination outside the continental limits of the United States except Alaska, Hawaii, Canada, Puerto Rico, or the Virgin Islands.

19-101.18. Handicapped Employees.

If a handicapped employee, because of his handicap, is unable to use the most economical mode of travel he may avail himself of the most economical mode compatible with his handicap. In determining the next most economical mode of travel, the following must be considered:

- A. Cost of fare or mileage.
- B. Subsistence expenses incurred due to extra days of travel, if any.
- C. Lodging expenses incurred due to extra days of travel, if any.
- D. Other allowable expenditures incurred due to extra days of travel, if any.

The agency director of the employee's agency must certify as to the employee's handicap and as to his inability to use the most economical mode of travel.

No expenses will be authorized for attendants traveling with State employees.

19-101.19. Advances for Travel Expenses.

Travel expense advances may be made subject to the following:

- A. No travel advance shall be made to an employee for travel within the State without specific approval of the Budget and Control Board.

B. No travel advance shall be made for more than 80% of the estimated amount of the total travel expense, excluding airline transportation.

C. No advance shall be made in instances where 80% of the estimated travel expense does not exceed \$250.

D. The agency, department or institution making advances shall keep such records of advances made in accordance with rules prescribed by the Comptroller General. If the Comptroller General shall furnish to the Budget and Control Board a statement that any agency has failed to keep proper records of travel advances, the Budget and Control Board may withdraw the privilege of that agency for making travel advances.

E. The Comptroller General may require that requests for travel advances must be submitted not later than seven (7) business days prior to the beginning of the trip for which the advance is requested.

F. When the travel assignment is completed, a voucher payable to the traveler shall be prepared for the total amount of allowable expenses incurred and paid. The traveler must then repay the cash advance when the voucher is processed for payment and the check issued to the traveler.

Exhibit 3

	Carrier	Current Lowest Comparable Rate	Comptroller General's Reimbursement to Governor Sanford	Difference
London	US Airways	\$2,282.87	\$7,065.23	\$4,782.36
China	United Airlines	\$3,294.87	\$12,215.31	\$8,920.44
Total		\$5,577.74	\$19,280.54	\$13,702.80

GO

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Depart	Arrive	Flight # and Details	
4:35 PM 07 Aug 2009 Charlotte, NC	6:15 PM 07 Aug 2009 Philadelphia, PA	Flight: 1668 Airbus A319 Class: Coach On-Time: 40-50%	Meal: None Travel Time: 1 h 40 m
10:40 PM 07 Aug 2009 Philadelphia, PA	11:05 AM 08 Aug 2009 London, United Kingdom (Heathrow)	Flight: 728 Boeing 767 Class: Coach On-Time: N/A	Meal: Dinner Travel Time: 7 h 25 m
Return	Arrive	Flight # and Details	
1:05 PM 13 Aug 2009 London, United Kingdom (Heathrow)	4:20 PM 13 Aug 2009 Philadelphia, PA	Flight: 729 Boeing 767 Class: Coach On-Time: N/A	Meal: Lunch Travel Time: 8 h 15 m
9:05 PM 13 Aug 2009 Philadelphia, PA	10:59 PM 13 Aug 2009 Charlotte, NC	Flight: 1165 Embraer 190 Class: Coach On-Time: 60-70%	Meal: None Travel Time: 1 h 54 m

☒ Please note the arrival date.

Summary (1 Passenger)	
Base Fare	\$2,110.00
Taxes and Fees	\$172.87
Grand Total	\$2,282.87
Hide Details	

Passenger Type	Adult
Fare	
CLT to LHR - Fare Basis MX0NC	\$1,055.00
LHR to CLT - Fare Basis MX0NC	\$1,055.00
Adjusted Base Fare	\$2,110.00
Total Fare	\$2,110.00
Tax: US International Arrival	\$16.10
Tax: US International Departure	\$16.10
Tax: United Kingdom Air Passengers Duty	\$67.76
Fee: US Immigration	\$7.00
Fee: US Animal & Plant Health Inspection Svc.	\$5.00
Fee: US Customs User	\$5.50
September 11 Security Fee	\$7.50
Fee: US Passenger Facility Charge	\$12.00
Fee: United Kingdom Passenger Service Charge	\$35.91
Total Per Passenger	\$2,282.87
Number of Passengers	1
Total by Passenger Type	\$2,282.87

Passenger Information

(1) Your first and last name must match the ID you show at the airport

Adult

First Name	MI	Last Name	Airline Partner	Frequent Flyer #	Special Needs ?
			US Airways		None

For information on entering Partner Frequent Flyer numbers, [Click Here](#).

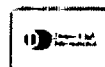
Select Your Seats

Select Your Seats

Click the 'Select Your Seats' button to make your seat selection for your flights. Once you have clicked the 'Purchase' button below, these seats will be confirmed.

Payment & Contact Information

☒ Credit Card



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☐ PayPal



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Billing Information

Red fields are required

Billing Country Of Residence United States

Credit Card Type Please select —

Credit Card Number

Expiration Date 1 - 2 2009

Credit Card Security Digit

Applies to AMEX, VISA, MC, DS

Name as it Appears on Card

Billing Address

Address Line 2

City

State/Province Select State —

Zip/Postal Code

Contact Information

Red fields are required

Day of Departure Phone () -

[Add an International Phone Number](#)

Destination Phone () -

[Add an International Phone Number](#)

Email (for receipt)

Email 2 (duplicate receipt)

Email 3 (duplicate receipt)

Email 4 (duplicate receipt)

Third Party Agent

Emergency Contact Name

Emergency Contact Phone () -

[Add an International Phone Number](#)

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Protect yourself against trip cancellations and interruptions with Access America, a US Airways partner. Comprehensive coverage is available for non-refundable tickets up to \$3,000 and includes emergency medical coverage. [Terms and conditions apply.](#)

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☐ Decline Comprehensive Ticket Protector

*This charge is in addition to the grand total above

Terms and Conditions

- Ticket is non-transferable.
- Ticket is non-refundable.
- Unused tickets must be cancelled by midnight on the date of departure to retain value
- Any change to this reservation (including flight, dates, or cities) is subject to a \$250.00 change fee per passenger. The new itinerary will be priced at the lowest available published fare at the time of change, which may result in a fare increase.
- For customers traveling to international destinations, please review our [International Travel Advisements](#) for information regarding required documentation and baggage limitations.
- Ticket expires one year from original date of issue. Unflown value expires one year from original date of issue.
- Checked baggage fees may apply.
- Changes to the country of origin are not permitted, except for changes between the United States and U.S. territories.
- All fares are subject to change until purchased.
- Comprehensive Ticket Protector purchase is a separate credit card transaction billed by Access America. Any claims and questions will be processed by Access America.

☐ I agree to comply with the terms and conditions applying to this ticket.
(You must check this box to complete your reservation.)

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Save \$60 on this flight and earn 15,000 bonus miles

Fr. Aug 21, 2009 - Columbia, SC (CAE) to Beijing, China (PEK)

United 7286	Depart CAE	Non-stop	Fare basis code:	Seats N/A
Operated by	6:00 AM	1h 22m	WKWRAP	Select seats
United	Arrive IAD 7:22 AM	Bombardier CRJ-200	Booking class: W	
Express/mesa Airlines			Economy	
		401 miles traveled	401 Award miles	
			No Meal Service	

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<< connecting to >>

United 0897	Depart IAD	Non-stop	Fare basis code:	Seats N/A
	12:19 PM	14h 1m	WKWRAP	Select seats
	Arrive PEK	Boeing 777	Booking class: W	
	2:20 PM	6,920 miles traveled	Economy	
	Arrives next day Aug 22		6,920 Award miles	
			Lunch, Lunch	

Fr. Aug 28, 2009 - Beijing, China (PEK) to Columbia, SC (CAE)

United 0850	Depart PEK	Non-stop	Fare basis code:	Seats N/A
	4:10 PM	13h 8m	BRE	Select seats
	Arrive ORD	Boeing 777	Booking class: B	
	4:18 PM	6,579 miles traveled	Economy	
			6,579 Award miles	
			Dinner, Lunch	

<< connecting to >>

United 7188	Depart ORD	Non-stop	Fare basis code:	Seats N/A
Operated by	7:05 PM	1h 53m	BRE	Select seats
United	Arrive CAE	Bombardier CRJ-200	Booking class: B	
Express/mesa Airlines	9:58 PM		Economy	
		667 miles traveled	666 Award miles	
			No Meal Service	

Penalty/CNL PNLT Y/CHANGE FEE

Additional information:

Mileage Plus Members: Please log in

Add your Mileage Plus number to this reservation to earn miles for this itinerary and to fill in passenger details stored in your United.com profile.

Mileage Plus number or email address

Password

Login

☐ Remember my Mileage Plus number

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Passenger(s) information

Please enter required information for each passenger below.

Program rules for specific frequent flyer programs are subject to change. Applying a frequent flyer number to the flight you are booking does not guarantee that the flight is eligible for accrual in the program you have chosen. Frequent flyer credit for code share flights are based on the operating carrier rules.

Adult 1

*Title: *First name MI *Last name Suffix

Airline: Frequent flyer airline Frequent flyer number

United United

Meal request Special request († not available for all partner airlines)
Standard

Contact information (Please enter either a Home or Work phone number)

Home phone number

Work phone
number

Contact number while
traveling

*Email address

*Verify email
address

Share this itinerary

Additional email address.

Additional email address


Additional email address.

Additional email address

If you have purchased an age-qualified fare such as a children's senior or infant fare, age verification may be required at the airport. Click **Continue to purchase** to agree to this term and proceed.

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2009-08-19 16:27:00 

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Exhibit 2

**South Carolina Code of Regulations
(Unannotated)
Current through State Register Volume 32, Issue 9, effective September 26, 2008.
CHAPTER 19.
STATE BUDGET AND CONTROL BOARD
ARTICLE 1.
OFFICE OF EXECUTIVE DIRECTOR**

Statutory Authority: Act 178 of 1981, and 1976 Code Sections 4-29-140, 44-7-1590, and 48-3-140

19-101. Travel Regulations for State Employees, Policy.

These regulations apply to all employees of the State or agencies thereof not otherwise specifically covered by law.

19-101.01. Travel and Transportation at State Expense

Travel and transportation at State expense will be authorized only when officially justified and by those means which meet State government requirements consistent with good management practices.

19-101.02. Economical Considerations.

Transportation to and from points of arrival and departure will be accomplished by the most economical methods.

19-101.03. Air Travel.

Travel by commercial airlines will be accomplished in coach or tourist class, except where exigencies require otherwise.

19-101.04. Definitions.

A. Permanent place of employment: The location of the place of activity where a State employee is regularly assigned and performs work. The corporate limits of the city or town in which the employee's place of work is located. If an employee is not employed in an incorporated city or town, his permanent place of employment is the place of work.

B. Residence: The fixed or permanent domicile of a person that can reasonably be justified as a bona fide place of actual residence.

C. Mileage allowance: A rate per mile in lieu of actual expenses of operation of a privately owned automobile. If a dependent accompanies an employee on an authorized business trip, only those expenses which may be directly attributed to the employee may be reimbursed.

19-101.05. Automobile Travel.

Auto travel should be by the most direct route practicable, and substantial deviation from distances shown by the current State Highway system map of the South Carolina Highway Department should be explained.

19-101.06. Mileage Between Employee's Home and Place of Employment.

Mileage between an employee's home and his/her place of employment is not subject to reimbursement. However, when an employee leaves on a business trip directly from his/her home, and does not go by the employee's headquarters, the employee shall be eligible for reimbursement for actual mileage beginning at his/her residence

19-101.07. Travel and Subsistence Limitations.

Travel and subsistence limitations may be made more restrictive by the agency head or director as dictated by agency requirements.

19-101.08. Election to Travel by Automobile Rather Than Aircraft.

If, for his own convenience, an employee elects to travel by automobile when air travel is more economical he shall be entitled to reimbursement as follows:

- A. Mileage equal to the amount of coach or tourist air fare.
- B. Vicinity mileage incurred on official business in lieu of using a taxi.
- C. Parking fees equal to that which would have been incurred if the car had been parked at the airport.
- D. Subsistence based on date and time airline connections would have been made for departure and return. Any period of time exceeding these guidelines will be at the employee's expense and no subsistence will be paid.

19-101.09. Parking Fees; Fines for Motor Vehicle Violation.

Parking fees for state-owned vehicles are reimburseable. No reimbursement shall be made to operators of state-owned vehicles who must pay fines for moving or non-moving violations

19-101.10. Mileage for Use of Privately Owned Vehicle.

The mileage allowance paid to State employees for the use of privately owned vehicles shall be in lieu of all expenses connected with the operation of the vehicle including but not limited to operating costs, depreciation, parking fees, tolls, et cetera. Provided, however, the employee may be reimbursed for storage or parking charges when it is necessary that the vehicle be left at a hotel, airport, or like facility.

19-101.11. Schedule of Maximum Meal Reimbursement.

The Budget and Control Board shall annually prepare a schedule of allowable deductions for meals which shall not exceed the total amount allowed in accordance with the General Appropriations Act. The Budget and Control Board may waive the provisions of this schedule for certain activities of or functions performed by members of state boards, commissions, or committees who are not state employees. The Budget and Control Board shall furnish to each agency a copy of the schedule as soon as practicable after the passage of the General Appropriations Act.

19-101.12. Meal Reimbursements.

No reimbursement shall be made for meals within ten (10) miles of an employee's official headquarters or official place of residence. Agency heads or directors may increase this distance requirement as deemed appropriate.

19-101.13. Receipts for Expenditures.

Receipts for all expenditures other than taxi fares and meals shall be provided with the voucher requesting reimbursement. Provided, however, that the Budget and Control Board may waive this requirement if the employee can furnish other acceptable evidence of expenditures subject to reimbursement.

19-101.14. Attendance at Statewide, Regional or District Meetings.

Employees required, as a part of their official duties, to attend statewide, regional or district meetings within the area in which the employee is headquartered may receive reimbursement for the cost of meals served at such meetings. Reimbursements for these meetings must have the specific approval of the sponsoring agency director who will notify other agencies involved.

19-101.15. Repealed 063)by State Register Volume 17, Issue No. 5, Part 1, effective May 28, 1993.

19-101.16. Overnight Accommodations.

No reimbursement for overnight accommodations will be made within fifty (50) miles of the employee's official headquarters or place of official residence.

19-101.17. Foreign Travel.

Any foreign travel of a State employee will require prior approval of the Budget and Control Board regardless of the source of funds financing such travel. For the purpose of this regulation, foreign travel is defined as any destination outside the continental limits of the United States except Alaska, Hawaii, Canada, Puerto Rico, or the Virgin Islands.

19-101.18. Handicapped Employees.

If a handicapped employee, because of his handicap, is unable to use the most economical mode of travel he may avail himself of the most economical mode compatible with his handicap. In determining the next most economical mode of travel, the following must be considered:

- A. Cost of fare or mileage.
- B. Subsistence expenses incurred due to extra days of travel, if any.
- C. Lodging expenses incurred due to extra days of travel, if any.
- D. Other allowable expenditures incurred due to extra days of travel, if any.

The agency director of the employee's agency must certify as to the employee's handicap and as to his inability to use the most economical mode of travel.

No expenses will be authorized for attendants traveling with State employees.

19-101.19. Advances for Travel Expenses.

Travel expense advances may be made subject to the following:

- A. No travel advance shall be made to an employee for travel within the State without specific approval of the Budget and Control Board.

B. No travel advance shall be made for more than 80% of the estimated amount of the total travel expense, excluding airline transportation.

C. No advance shall be made in instances where 80% of the estimated travel expense does not exceed \$250.

D. The agency, department or institution making advances shall keep such records of advances made in accordance with rules prescribed by the Comptroller General. If the Comptroller General shall furnish to the Budget and Control Board a statement that any agency has failed to keep proper records of travel advances, the Budget and Control Board may withdraw the privilege of that agency for making travel advances.

E. The Comptroller General may require that requests for travel advances must be submitted not later than seven (7) business days prior to the beginning of the trip for which the advance is requested.

F. When the travel assignment is completed, a voucher payable to the traveler shall be prepared for the total amount of allowable expenses incurred and paid. The traveler must then repay the cash advance when the voucher is processed for payment and the check issued to the traveler.

Exhibit 3

	Carrier	Current Lowest Comparable Rate	Comptroller General's Reimbursement to Governor Sanford	Difference
London	US Airways	\$2,282.87	\$7,065.23	\$4,782.36
China	United Airlines	\$3,294.87	\$12,215.31	\$8,920.44
Total		\$5,577.74	\$19,280.54	\$13,702.80

Attachment J

DAVID L. THOMAS
 SENATOR GREENVILLE COUNTY SENATORIAL
 DISTRICT NO. 8

GREENVILLE ADDRESS:
 23 WADE HAMPTON BLVD.
 GREENVILLE, SC 29609
 (864) 271-6371

SENATE ADDRESS:
 SUITE 410, GRESSETTE BUILDING
 P.O. BOX 142
 COLUMBIA, SC 29202
 (803) 212-6240



COMMITTEES

BANKING AND INSURANCE, CHAIRMAN
 CORRECTIONS AND PENOLOGY
 FINANCE
 MEDICAL AFFAIRS

August 24, 2009

Senator Hugh Leatherman
 111 Gressette Building
 Columbia, SC 29202

Senator Glenn McConnell
 101 Gressette Building
 Columbia, SC 29202

Dear Senator Leatherman and Senator McConnell,

This is my second communication on the Senate Finance Constitutional/Administrative Subcommittee's examination and accumulation of data surrounding Governor Sanford's transcontinental flights.

In our first Committee meeting, we heard testimony from Reggie Lloyd, Director of SLED. The key point in his testimony was that the SLED investigation examined only 5 trips relative to the Governor's paramour after the revelations of the Governor's trip to Brazil/Argentina. Mr. Lloyd pointed out repeatedly that he would have difficulty making a case from a criminal perspective against the Governor if he engaged in extramarital affairs during a trip so long as coincidental with those affairs he was performing State business.

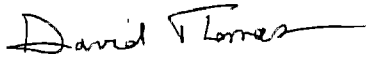
On August 10th, I sent you documentation on two flights, and this document contains an analysis and supporting documents on four additional transcontinental flights.

- I. Each flight was paid for by the state as documented in the Comptroller General's report (See Exhibit 1). No offset from any private source is documented by either the Department of Commerce or the Comptroller General.
- II. The Governor flew business class on all of these flights (See Exhibit 2 for full delineation).
 - '05 Austria trip
 - '05 Japan/China trip (not the '07 China trip previously reported)
 - '07 Munich, Germany trip
 - '09 Warsaw, Poland trip
- III. The Code of Regulations in South Carolina mandates that the most economical method of flight be used unless an exigent situation exists, and there is no emergency indicated for these flights (See Exhibit 3, Code of Regulations 19-101). If the most economical method had been used in the trips referenced above, this would have saved the state approximately \$13,943.35 (See Exhibit 4). The Governor's Office disagrees with the interpretation of Code of Regulations 19-101 and has provided documentation stating that tickets were purchased by the Department of Commerce

and not by the Governor. They also question the validity of Regulation 19-101 and the statutory authority of the Budget and Control Board to promulgate travel regulations (See Exhibit 5).

- IV. As chairman, I conclude that the above documentation provides a prima facie case for code violation. We will now look into the use of state funds for private airplanes.

Sincerely,

A handwritten signature in cursive script, appearing to read "David Thomas", with a long horizontal flourish extending to the right.

David L. Thomas

Enclosures

AGENCY VOUCHER NUMBER

061053

CIRCLE IF SPECIAL TYPE
1 VENDOR TRAVEL
2 DESCRIPTIVE RECORD
3 LISTING ATTACHED

EX 10/11 1

STATE OF SOUTH CAROLINA

VOUCHER

TO THE COMPTROLLER GENERAL,

The attached bills are approved for payment as follows:

P32 S C DEPARTMENT OF COMMERCE 10/17/05 06

AGENCY NO AGENCY NAME DATE F Y

AMERICAN EXPRESS

VENDOR NO SOCIAL SECURITY NO V S 1099

P BOX 360001

VENDOR REFERENCE NO C C D CODE CITY COUNTY DISTRICT NAME

FT. LAUDERDALE FL 33336-0001

STATE ZIP CHECK NUMBER

37,933.45

AMOUNT

OFFICIAL TITLE

DIRECTOR OF ADMINISTRATION

Maureen Hiles 10-20-05
DATE

COMPTROLLER GENERAL'S WARRANT NUMBER

T P32 051020

6 001 029

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment thereon the State of South Carolina

F M	TRANS CODE	AMN CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	ENCUMBRANCE NUMBER	M O	PROJECT CODE	PH	AGENCY REFERENCE	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	S L	NO MILES	NO TRIPS	C G	USE ONLY
04	617	8032	3223				YU		H	0523	1,027.27	B320	S		1 00		
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							ANGERFIELD		T N		9,147.29		S		2 00		
							FLETCHER		R		2,408.89		S		1 00		
							FAITH		R A		7,251.33		S		1 00		
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TOTAL											CONTINUED						

C G AUDITOR

061053

CIRCLE IF SPECIAL TYPE
1 VENDOR TRAVEL
2 DESCRIPTIVE RECORD
3 LISTING ATTACHED

VOUCHER

TO THE COMPTROLLER GENERAL,

The attached bills are approved for payment as follows:

P32 S C DEPARTMENT OF COMMERCE 10/17/05 06

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100	100

DATE _____ FY _____

AMERICAN EXPRESS

PC BOX 360001

LAUDERDALE

FL 33336-0001

AU2

STATE

21P

CHECK NUMBER

ACCOUNT

OFFICIAL TITLE

SIGNATURE

DATE _____

DIRECTOR OF ADMINISTRATION

I hereby certify that the prices purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment therefore the State of South Carolina

COMPTROLLER GENERAL'S WARRANT NUMBER

T P32 051020

6 001 029

VENDOR NO SOCIAL SECURITY NO

5 A

1093

△

VENDOR REFERENCE NO.

EC CODE

CITY COUNTY DISTRICT NAME

33336-0001

37,933.45

CHECK NUMBER

ACCOUNT

OFFICIAL TITLE

10-20-05

[illegible]

~~TRAVEL CHARGES~~

~~133133497~~
TO PAYEE The attached check is

AMERICAN EXPRESS
(be filled in by Department)

~~#102605~~

C G AUDITOR 37,933.45

~~WAL~~



Corporate Card Statement of Account

For Online
Statements

www.americanexpress.com/checkyourbill

133133497

ed For
NDY KIBLER
DEPT OF COMMERCE

2005 OCT 11

Account Number

Closing Date
10/04/05

Page 1 of 9

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$	Balance Due \$ 10/26/05
6,813.99	38,313.86	0.00	5,165.34	129.71	39,832.80

For important information
regarding your account
refer to page 2.

ir account is 30 days past due. Pay by 10/26/05 to avoid delinquency charge.

contact us at www.americanexpress.com/checkyourbill or call Customer Service at 1-800-528-2122.

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For more information, please call 1-800-AXP-EARN if you have any questions.

Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
	MANDY KIBLER	0.00	-5,165.34
	STUART C THOMPSON	2,981.81	0.00
	MEREDITH CULLY	33,732.88	-129.71
	CHARLES GREGORY GUES	1,599.17	0.00
	Total	38,313.86	-5,295.05

OK to pay
Mandy Kibler
10/11/05

Activity	Date reflects either transaction or posting date	Reference Code	Foreign Spending	Amount \$
05	PAYMENT RECEIVED - THANK YOU	09/17	0439500000	-5,165.34
			New Charges/Other Debits	0.00
			Payments/Other Credits	-5,165.34

Please fold on the perforation below, detach and return with your payment

Payment Coupon

Account Number

Please Pay By
10/26/05

Payable upon receipt in
U.S. Dollars

Please enter account
number on all checks and
correspondence.

Checks or drafts must be
drawn against banks
located in the U.S.

Check here if address,
telephone number, or
e-mail address has
changed. Note changes on
reverse side



MANDY KIBLER
SC DEPT OF COMMERCE
1201 MAIN ST # 1600
COLUMBIA SC 29201-3261

Total Amount Due
\$39,832.80

Mail Payment to:

AMERICAN EXPRESS
PO BOX 360001
FT LAUDERDALE FL 33336-0001

074218

CIRCLE IF SPECIAL TYPE

1 VENDOR TRAVEL

2 DESCRIPTIVE RECORD

3 LISTING ATTACHED

TO THE COMPTROLLER GENERAL,

The attached bills are approved for payment as follows:

P32 S C DEPARTMENT OF COMMERCE 05/30/07 07

AGENCY NO

AGENCY NAME

DATE

FY

T P32 070530
6 002 001

AMERICAN EXPRESS

VENDOR NO SOCIAL SECURITY NO

V S

1099

PO BOX 360001

REF

VENDOR REFERENCE NO

C D CODE

CITY COUNTY DISTRICT NAME

LAUDERDALE

FL

33336-0001

STATE

ZIP

CHECK NUMBER

AMOUNT

25,976.21

OFFICIAL TITLE

ACCOUNTS PAYABLE TEAM LEADER

SIGNATURE DATE 05-30-07

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment therefor by the State of South Carolina.

M	TRANS CODE	MMH CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	ENCUMBRANCE NUMBER	M D PROJECT CODE	PH	AGENCY REFERENCE	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	S N	TRAVEL NO MILES	NO TRIPS	C G USE ONLY
1	617	0101	1001					JR Taylor J E	0523	6,069.28					
								ELLENBERG J W		5,983.28					
								SANBORN M		14,685.47					
1	617	0101	1001						0523						
								GULLY M C		1,494.90					
1	640	0101	1001						0232	1,684.01					
1	640	8031	1001						0232	1,909.41					
1	640	8031	1001						0212	1,683.39					R
1	640	8189	1001						0309	116.99					
1	640	8189	1001						0212	1,440.81					
TOTAL										CONTINUED					

C G AUDITOR

AGENCY VOUCHER NUMBER

074218

CIRCLE IF SPECIAL TYPE
1 VENDOR TRAVEL
2 DESCRIPTIVE RECORD
3 LISTING ATTACHED

CITY OF SOUTH CAROLINA

VOUCHER

TO THE COMPTROLLER GENERAL,

The attached bills are approved for payment as follows:

P32 S C DEPARTMENT OF COMMERCE 05/30/07 07

AGENCY NO AGENCY NAME

DATE FY

COMPTROLLER GENERAL'S WARRANT NUMBER

T P32 070530

6 002 001

AMERICAN EXPRESS

DATE

VENDOR NO SOCIAL SECURITY NO

V S

1099

PO BOX 360001

STREET

VENDOR REFERENCE NO

C C O CODE

CITY COUNTY DISTRICT NAME

SIGNATURE

DATE

05-30-07

LAUDERDALE

FL

33336-0001

STATE

ZIP

CHECK NUMBER

AMOUNT

25,976.21

ACCOUNTS PAYABLE TEAM LEADER

OFFICIAL TITLE

F M	TRANS CODE	MAIN CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	ENCUMBRANCE NUMBER	M	PROJECT CODE	PH	AGENCY REFERENCE	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	TRAVEL			C G R	C G USE ONLY
													S	NO MILES	NO TRIPS		
11	640	8189	1001							0212	3,745.64	B61J					
11	640	8031	1001							0232	529.81						
TOTAL											2687					29,342.99	

ARS FORM 160 10/1/80

1 PAYEE The attached check is in payment of (To be filled in by Department)

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment therefor by the State of South Carolina



Corporate Card Statement of Account

Sign Up For Online
Statements

www.americanexpress.com/checkyourbill

Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
05/05/07

Page 1 of 7

Balance Please Pay By
Due \$ 05/21/07

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$	
5,486.61	27,761.60	0.00	5,486.61	1,785.39	25,976.21

For important information
regarding your account
refer to page 2.

Your payment is due in full. Please pay by 05/21/07.

For assistance or questions about your account, contact us at www.americanexpress.com/checkyourbill or call
Customer Service at 1-800-528-2122.

Important Information About Transactions Made in Foreign Currencies: As of April 10, 2007, the foreign
exchange conversion rate adjustment has increased to 2.5%, as described in an amendment to the
Cardmember Agreement that was sent to you at the end of January. However, for charges converted by
American Express on or before April 9, 2007, the prior foreign exchange conversion rate adjustment, of 2%, was
applied. See page 2 of this statement for additional information about foreign exchange conversion.

Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
	MANDY KIBLER	0.00	-5,486.61
	MEREDITH CULLY	27,231.79	-1,785.39
	JOHN XINWEI LING	529.81	0.00
	Total	27,761.60	-7,272.00

Activity

Date reflects either transaction or posting date

** Foreign Currency conversion rate
is base rate plus 2.5%. See page 2 for details.

Card Number	Reference Code	Foreign Spending	Amount \$
05/07 PAYMENT RECEIVED - THANK YOU	04/30	08530000000	-5,486.61
Total for MANDY KIBLER		New Charges/Other Debits	0.00
		Payments/Other Credits	-5,486.61

Handwritten signature

Also fold on the perforation below, detach and return with your payment

Payment Coupon

Account Number

Please Pay By
05/21/07

Payable upon receipt in
U.S. Dollars.

Please enter account
number on all checks and
correspondence.

MANDY KIBLER
SC DEPT OF COMMERCE
1201 MAIN ST # 1600
COLUMBIA SC 29201-3261

Total Amount Due
\$25,976.21

Checks or drafts must be
drawn against banks
located in the U.S.

Check here if address,
telephone number, or
e-mail address has
changed. Note changes on
reverse side.

Mail Payment to:

AMERICAN EXPRESS
P.O. BOX 650448
DALLAS TX 75265-0448





Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
05/05/07

Page 3 of 7

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Card Number	Reference Code	Foreign Spending	Amount \$
4/10/07 FREEMAN - BOSTON 800 BRAINTREE MA REF# 853000052 1 7813807550 04/10/07 CONTRACT WORK ROC NUMBER 853000052 121374	85300005201		691.06
4/11/07 MOTOR CITY ELECTRIC 313-567-5300 MI 000000025 COMPUTER&EQUIP&SOFT 04/10/07 COMPUTER&EQUIP&SOFT ROC NUMBER 00000025	0000000025		409.68
4/12/07 MASS CONVENTION ONLI 617-954-2100 MA REF# VUHEOF4CAB9 BUSINESS SERVICE 04/12/07			95.00
4/12/07 MASS CONVENTION ONLI 617-954-2100 MA REF# VUJEOF4CAF1 BUSINESS SERVICE 04/12/07			102.00
4/12/07 MASS CONVENTION ONLI 617-954-2100 MA REF# VREEOF7D084 BUSINESS SERVICE 04/12/07			240.00
4/13/07 COMPUSYSTEMS, INC BROADVIEW IL SF1EC16A 04/13/07			414.75
4/16/07 FREEMAN - DETROIT 80 DETROIT MI REF# 391000086 1 3133930250 04/16/07 CONTRACT WORK ROC NUMBER 391000086 113885	39100008601		1,861.15
4/17/07 VIVIANO FLOWER SHOP ST CLAIR SHOR MI 23617417 FLORAL PURCHASE 04/16/07 FLORAL PURCHASE FOR QUESTIONS CALL: 586/293-0227	00023617417		53.00
4/18/07 MOTOR CITY ELECTRIC 313-567-5300 MI 000000008 COMPUTER&EQUIP&SOFT 04/17/07 COMPUTER&EQUIP&SOFT ROC NUMBER 00000008	0000000008		199.60
4/19/07 CONTINENTAL AIRLINES COLUMBIA SC TKT# 0057669088782 04/18 PASSENGER TICKET TAYLOR/JOE CONTINENTAL AIRLINES FOREST LAKE TRAVEL I COLUMBIA SC FROM CHARLOTTE NC TO CARRIER CLASS NEWARK NJ CO OA TO PARIS-DE GAULLE FR CO JR TO STOCKHOLM SWEDEN TO NEWARK NJ CO ZR	06904310000		5,983.28
4/19/07 CONTINENTAL AIRLINES COLUMBIA SC TKT# 0057669088784 04/18 PASSENGER TICKET ELLENBERG/JOHN CONTINENTAL AIRLINES FOREST LAKE TRAVEL I COLUMBIA SC FROM CHARLOTTE NC TO CARRIER CLASS NEWARK NJ CO OA TO PARIS-DE GAULLE FR CO JR TO STOCKHOLM SWEDEN TO NEWARK NJ CO ZR	06904310000		5,983.28

Continued on reverse

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Reference Code Foreign Spending Amount

04/19/07	TRAVEL AGENCY SERVICE TKT# 8907669088782 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY TAYLOR/JOE*FOR 2 PSG FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	COLUMBIA SC 04/18 TRAVEL AGENCY SERVICE F COLUMBIA SC	06594310000	86.0
04/20/07	DELTA AIR LINES TKT# 0067670838932 PASSENGER TICKET OLSEN/THOMAS.R FOREST LAKE TRAVEL I FROM COLUMBIA SC TO ATLANTA GA TO PARIS-DE GAULLE FR TO ATLANTA GA TO COLUMBIA SC	COLUMBIA SC 04/19 DELTA AIR LINES COLUMBIA SC	06904320000	1,558.8
04/20/07	TRAVEL AGENCY SERVICE TKT# 8907670838932 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY OLSEN/THOMAS.R FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	COLUMBIA SC 04/19 TRAVEL AGENCY SERVICE F COLUMBIA SC	06594320000	43.0
04/21/07	TRAVEL AGENCY SERVICE TKT# 8907670839008 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY SANFORD/MARSHALL FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	COLUMBIA SC 04/20 TRAVEL AGENCY SERVICE F COLUMBIA SC	06594330000	43.0
04/23/07	DEUTSCHE LUFTHANSA USA USD 4642.47 SANFORD/MARSHALL DEUTSCHE LUFTHANSA FROM CHARLOTTE TO MUNICH F J STRAUS TO PARIS C DE GAULLE TO STOCKHOLM ARLANDA TO MUNICH F J STRAUS	TKT#2207670839008 DEUTSCHE LUFTHANSA SUBMISSIONS USD		4,642.47
04/25/07	US AIRWAYS TKT# 0377670839081 PASSENGER TICKET DI.CECCO/DANIELA FOREST LAKE TRAVEL I FROM CHARLOTTE NC TO TORONTO ONTARIO CD TO CHARLOTTE NC	COLUMBIA SC 04/24 US AIRWAYS COLUMBIA SC	06904370000	606.4

*non-refundable
business*



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
05/05/07

Page 5 of 7

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Reference Code

Foreign Spending

Amount \$

12/25/07	US AIRWAYS TKT# 0377670839082 PASSENGER TICKET LEBLANC/OLIVIA FOREST LAKE TRAVEL I FROM CHARLOTTE NC TO TORONTO ONTARIO CD TO CHARLOTTE NC	COLUMBIA SC 04/24 US AIRWAYS COLUMBIA SC US VA US TA	06904370000	606.47
25/07	US AIRWAYS TKT# 0377670839083 PASSENGER TICKET LEBLANC/SOPHIA FOREST LAKE TRAVEL I FROM CHARLOTTE NC TO TORONTO ONTARIO CD TO CHARLOTTE NC	COLUMBIA SC 04/24 US AIRWAYS COLUMBIA SC US VA US TA	06904370000	606.47
5/07	TRAVEL AGENCY SERVICE TKT# 8907670839081 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY DI.CECCO/DANIELA FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	COLUMBIA SC 04/24 TRAVEL AGENCY SERVICE F COLUMBIA SC CARRIER CLASS	06594370000	30.00
3/07	TRAVEL AGENCY SERVICE TKT# 8907670839082 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY LEBLANC/OLIVIA*CHD FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	COLUMBIA SC 04/24 TRAVEL AGENCY SERVICE F COLUMBIA SC CARRIER CLASS	06594370000	30.00
1/07	TRAVEL AGENCY SERVICE TKT# 8907670839083 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY LEBLANC/SOPHIA*CHD FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	COLUMBIA SC 04/24 TRAVEL AGENCY SERVICE F COLUMBIA SC CARRIER CLASS	06594370000	30.00
07	MASS CONVENTION ONLI 617-954-2100 REF# 0 BUSINESS SERVICE 04/26/07	MA 04/26/07		-102.00 Credit
07	FREEMAN - DETROIT 80 DETROIT REF# 400000085 1 3133930250 CONTRACT WORK ROC NUMBER 400000085 147113	MI 04/28/07	40000008501	1,222.21
17	TRAVEL INSURANCE POL 800-729-6021 REF# 012056393 8046731493	VA 04/29/07	01205639300	82.21
17	ORBITZ.COM 70757681P ORB*AP1101014YP6N08J ORB*AP1101014YP6N08J ROC NUMBER 70757681P	IL 04/29/07	00707576817	10.99

Continued on reverse

Activity Continued

*Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details.

Reference Code

Foreign Spending

Amount

04/30/07	DELTA AIR LINES TKT# 0067671905697 PASSENGER TICKET CULLY/MEREDITH ORBITZ LLC FROM COLUMBIA SC TO ATLANTA GA TO PARIS-DE GAULLE FR TO ATLANTA GA TO COLUMBIA SC	MANKATO MN 04/29 DELTA AIR LINES MANKATO MN	06904450000		1,483.9
05/03/07	STOCK INTERNATIONAL 403-265-3062 VTHCOFD6E STOCKPHOTO STOCKPHOTO ROC NUMBER 0018805115	IL 05/03/07			12.0
05/04/07	GETTY IMAGES VLFC1A9E7 DIGITALIMAGE DIGITALIMAGE ROC NUMBER 0019440963	577-438-8966 WA 05/03/07			104.9
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 854409601 8009064213 TRAVEL AGENTS ROC NUMBER 854409601	TX 05/05/07	85440960100	-246.2 Cred	
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 854409592 8009064213 TRAVEL AGENTS ROC NUMBER 854409592	TX 05/05/07	85440959200	-246.2 Cred	
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 854409595 8009064213 TRAVEL AGENTS ROC NUMBER 854409595	TX 05/05/07	85440959500	-246.2 Cred	
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 854409598 8009064213 TRAVEL AGENTS ROC NUMBER 854409598	TX 05/05/07	85440959800	-246.2 Cred	
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 832335203 8009064213 TRAVEL AGENTS ROC NUMBER 832335203	TX 05/05/07	83233520300	-232.7 Cred	
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 832335206 8009064213 TRAVEL AGENTS ROC NUMBER 832335206	TX 05/05/07	83233520600	-232.7 Cred	
05/05/07	BIO HOUSING 00000 800-906-4213 REF# 832335207 8009064213 TRAVEL AGENTS ROC NUMBER 832335207	TX 05/05/07	83233520700	-232.7 Cred	
Total for MEREDITH CULLY				New Charges/Other Debits Payments/Other Credits	27,231.7 -1,785.3



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Unit Number

Closing Date
05/05/07

97 of 7

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Card Number

1/07 EVINCE CORPORATION VIA INTERNET ON
060514880 SCHOOLS AND EDUCATIONAL 04/09/07
SCHOOLS AND EDUCATIONAL

Reference Code

Foreign Spending

Amount \$

00060514880

595.00

**Canadian Dollars

529.81

New Charges/Other Debits
Payments/Other Credits

529.81
0.00

Statement for JOHN XINWEI LING

E700 150232

BER OF DOCUMENTS: 1

STATE OF SOUTH CAROLINA

AGENCY: S C DEPARTMENT OF COMMERCE

CAL MONTH: 13

COMPTROLLER GENERAL'S OFFICE

PREPARED BY [Signature]

TRANSMITTAL CONTROL

DATE 7/16/07

FI 6-29-09

AGENCY'S USE:				
AGENCY NUMBER	AGENCY BATCH NUMBER	OBJECT CODE HASH TOTAL	TOTAL BATCH AMOUNT	TOTAL NET AMOUNT
P32	0716004		11,459.19	11,459.19

EF 7/16, 7/17, 7/18
batch

TROLLER GENERAL'S USE:		SEQUENCE NO: 001	THROUGH NO: 001
BATCH DATE (MMDDYY)	BATCH NUMBER	BATCH TYPE	
07-16-07	004	6	

SPECIAL



Corporate Card Statement of Account

Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Closing Date
07/04/07

Page 1 of 5

**Sign-up For Online
Statements**

www.americanexpress.com/checkyourb

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$
10,750.99	11,459.19	0.00	10,750.99	0.00

Balance Please Pay By
Due \$ 07/19/07

11,459.19 For important information
regarding your account
refer to page 2

Your payment is due in full. Please pay by 07/19/07.

For assistance or questions about your account, contact us at www.americanexpress.com/checkyourbill or call
Customer Service at 1-800-528-2122.

Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
	MANDY KIBLER	0.00	-10,750.99
	MEREDITH CULLY	11,412.62	0.00
	AMY GABRIEL THOMSON	46.57	0.00
	Total	11,459.19	-10,750.99

Activity

Date reflects either transaction or posting date

** Foreign Currency conversion rate
is base rate plus 2.5%. See page 2 for details

Card Number	Reference Code	Foreign Spending	Amount \$
06/27/07	CORPORATE REMITTANCE RECEIVED	06/27	0728500000
			-10,750.99
Total for MANDY KIBLER			New Charges/Other Debits 0.00 Payments/Other Credits -10,750.99

[Handwritten signature]
7/10/07
Old Year

Please fold on the perforation below, detach and return with your payment

Payment Coupon

Account Number

Please Pay By
07/19/07

Payable upon receipt in
U.S. Dollars.

Please enter account
number on all checks and
correspondence



MANDY KIBLER
SC DEPT OF COMMERCE
1201 MAIN ST # 1600
COLUMBIA SC 29201-3261

Total Amount Due
\$11,459.19

Checks or drafts must be
drawn against banks
located in the U.S.

Check here if address,
telephone number, or
e-mail address has
changed. Note changes on
reverse side.

Mail Payment to:

AMERICAN EXPRESS
P.O. BOX 650448
DALLAS TX 75265-0448





Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

Closing Date
07/04/07

Page 3 of 5

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5% See page 2 for details.

Card Number	Reference Code	Foreign Spending	Amount \$
06/18/07 PARIS LE BOURGET, ROISSY CHARLES DE GAULLE FRANCE VOUS REMERCIE DE VOTRE VISITE		100.46 **European Union Euro	137.64
06/21/07 TRAVEL AGENCY SERVICECOLUMBIA SC TKT# 8907676925659 06/20 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06596410000		137.64
06/22/07 DEUTSCHE LUFTHANSA USA USD 5248.49 SANFORD/MARSHALL DEUTSCHE LUFTHANSA FROM MUNICH F J STRAUS TO CARRIER CLASS CHARLOTTE LH 99	TKT#2207676925659		5,248.49
06/22/07 TRAVEL AGENCY SERVICECOLUMBIA SC TKT# 8907676925744 06/21 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY ELLENBERG/JOHN TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06596420000		43.00
06/25/07 DEUTSCHE LUFTHANSA USA USD 5248.49 ELLENBERG/JOHN DEUTSCHE LUFTHANSA FROM MUNICH F J STRAUS TO CARRIER CLASS CHARLOTTE LH 99	TKT#2207676925744		5,248.49
06/26/07 DELTA AIR LINES CHARLESDEGAULFR TKT# 0062150576319 06/25 ADDITIONAL COLLECTION CULLY/MEREDITH DELTA AIR LINES DELTA AIR LINES INC. CHARLESDEGAUL FR FROM PARIS-DE GAULLE FR TO CARRIER CLASS DULLES ARPT DC DL BE TO COLUMBIA SC UA BE	06000050000		692.00
Total for MEREDITH CULLY			11,412.62 New Charges/Other Debits Payments/Other Credits 0.00



Prepared For
MANDY KIBLER
SC DEPT OF COMMERCE

Account Number

[REDACTED]

Closing Date

07/04/07

Page 5 of 5

Activity Continued

**Foreign Currency conversion rate is
base rate plus 2.5%. See page 2 for details

Card Number [REDACTED]				Reference Code	Foreign Spending	Amount \$
06/15/07	HYATT HOTELS F/B	VANCOUVER	BC	00016600496	48.60	46.57
	016600496 FOOD/BEV		06/13/07		**Canadian Dollars	
	FOOD/BEV					
Total for AMY GABRIEL THOMSON				New Charges/Other Debits		46.57
				Payments/Other Credits		0.00

IS IF SPECIAL TYPE
OF TRAVEL
SCRIPTIVE RECORD
NG ATTACHED

The attached bills are approved for payment as follows.

P32 S C DEPARTMENT OF COMMERCE 05/14/09 08

— Ey

1000

DATE _____

ACCOUNTS PAYABLE TEAM LEADER

—

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law and that the payee is entitled to payment therefore by the State of South Carolina

6 002 001

TRANS CODE	MINI CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	ENCUMBRANCE NUMBER	M O D	PROJECT CODE	PH	AGENCY REFERENCE	OBJECT CODE	D E L	TRANSACTION AMOUNT	MULTI PURPOSE CODE	TRAVEL			C G R	C G USE ONLY
													S L N	NO MILES	NO TRIPS		
617	0101	1001							0523			E100					
								STANFORD UNIVERSITY			5,703.53		S		1	00	
								ELLENBERG			5,395.63		S		1	00	
								TAYLOR JR			5,395.63		S		1	00	

CONCLUSION

The attached check is in payment of (To be filed in by Department)



**Corporate Card
Statement of Account**

RECEIVED

MAY 13 2009

**Sign-up For Online
Statements**

www.americanexpress.com/checkyourbill

Prepared For
**CLARISSA BELTON
SC DEPT OF COMMERCE**

Account Number
XXXX-XXXX
Procurement

Closing Date
05/05/09

Page 1 of 4

**Balance Please Pay By
Due \$ 05/20/09**

Previous Balance \$	New Charges \$	Other Debits \$	Payments \$	Other Credits \$
4,932.40	20,700.77	0.00	4,932.40	4,874.18

15,826.59 For important information
regarding your account
refer to page 2

Payment is due in full. Please pay by 05/20/09 to allow time for your payment to be received by us and credited to your account.

For assistance or questions about your account, contact us at www.americanexpress.com/checkyourbill or call Customer Service at 1-800-528-2122.

Important account information requiring your action: Corporate Card, Executive Corporate Card, Corporate Platinum Card and American Express / Business Extra Corporate Card billing statements are moving exclusively online. Take action now! To access your statements online, you must register your Card at americanexpress.com/register.

Already registered? Log in to americanexpress.com/checkyourbill, click 'Switch to Paperless Statements' and confirm that your statement delivery option is set to 'online only.' Also, make sure to validate your current e-mail address to activate your monthly Statement Ready e-mail notification.

Corporate Card Snapshot

Card Number	Card	New Charges + Other Debits	Payments + Other Credits
XXXX-XXXX	CLARISSA BELTON	0.00	-4,932.40
XXXX-XXXX	STUART C THOMPSON	20,700.77	-4,874.18
	Total	20,700.77	-9,806.58

Activity

Date reflects either transaction or posting date

Card Number XXXX-XXXX	Reference Code	Amount \$
04/22/09 PAYMENT RECEIVED - THANK YOU	0808500000	-4,932.40
Total for CLARISSA BELTON	New Charges/Other Debits Payments/Other Credits	0.00 -4,932.40

↓ Please fold on the perforation below, detach and return with your payment ↓

Do not staple or use paper clips

Payment Coupon



CLARISSA BELTON
SC DEPT OF COMMERCE
1201 MAIN ST # 1600
COLUMBIA SC 29201-3261

Mail Payment to

**Please Pay By
05/20/09**

Payable upon receipt in
U.S. Dollars.

**Amount Due
\$15,826.59**

Please enter account
number on all checks and
correspondence

Checks or drafts must be
drawn against banks
located in the U.S.

Check here if address,
telephone number, or
e-mail address has
changed. Note changes on
reverse side.



AMERICAN EXPRESS
P.O. BOX 650448
DALLAS TX 75265-0448



01367 R04A1A2D 00783 0010Z (2



Prepared For
CLARISSA BELTON
SC DEPT OF COMMERCE

Account Number

Closing Date
05/05/09

Page 3 of 4

Activity Continued

Card Number	Reference Code	Amount \$
04/06/09 LOT POLISH BSP USA USD 7255.97 LOT POLISH BSP FROM CHARLOTTE TO NEWARK TO WARSAW TO STOCKHOLM ARLANDA TO CHICAGO OHARE INT	TKT#0807561837158 LOT POLISH AIRLINES SUBMISSIONS USD CARRIER CLASS US A LO D 99 99 SK D	7,255.97
04/06/09 LOT POLISH BSP USA USD 5395.63 ELLENBERG/JOHN LOT POLISH BSP FROM CHARLOTTE TO TORONTO PEARSON TO WARSAW TO STOCKHOLM ARLANDA TO CHICAGO OHARE INT	TKT#0807561837162 LOT POLISH AIRLINES SUBMISSIONS USD CARRIER CLASS AC A LO C 99 99 SK Z	5,395.63
04/06/09 LOT POLISH BSP USA USD 5395.63 TAYLOR/JOE LOT POLISH BSP FROM CHARLOTTE TO TORONTO PEARSON TO WARSAW TO STOCKHOLM ARLANDA TO CHICAGO OHARE INT	TKT#0807561837164 LOT POLISH AIRLINES SUBMISSIONS USD CARRIER CLASS AC A LO C 99 99 SK Z	5,395.63
04/24/09 CONTINENTAL AIRLINES COLUMBIA TKT# 0057442620699 PASSENGER TICKET SANFORD/MARSHALL GOV FOREST LAKE TRAVEL I FROM STOCKHOLM SWEDEN TO NEWARK NJ	SC 04/23 CONTINENTAL AIRLINES COLUMBIA SC CARRIER CLASS CO J1	62,464.54
04/24/09 TRAVEL AGENCY SERVICE COLUMBIA TKT# 8907442620699 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY SANFORD/MARSHALL GOV FOREST LAKE TRAVEL I FROM NOT RECORDED TO NOT RECORDED	SC 04/23 TRAVEL AGENCY SERVICE F COLUMBIA SC CARRIER CLASS	63.00

01368 R04A1A2D 00783

Prepared For
CLARISSA BELTON
SC DEPT OF COMMERCE

Activity Continued		Reference Code	Amount \$
04/24/09	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907442620700 04/23 MISC CHARGE ORDER/PREPAID TICKET AUTHORITY ELLENBERG/JOHN*FOR 2 TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	06594420000	126.00
04/28/09	TRAVEL AGENCY SERVICE COLUMBIA SC TKT# 8907442620700 VOIDED TKT 04/23 CREDIT OR ADJUSTMENT - UNUSED AIRLINE TICKET ELLENBERG/JOHN*FOR 2 TRAVEL AGENCY SERVICE F FOREST LAKE TRAVEL I COLUMBIA SC FROM NOT RECORDED TO CARRIER CLASS NOT RECORDED	08594480000	-126.00 Credit
04/30/09	LOT POLISH BSP USA USD 4748.18 LOT POLISH AIRLINES SUBMISSIONS USD	TKT#0807561837158	4,748.18 Credit
Total for STUART C THOMPSON		New Charges/Other Debits Payments/Other Credits	20,700.77 -4,874.18

Exhibit 3

**South Carolina Code of Regulations
(Unannotated)
Current through State Register Volume 32, Issue 9, effective September 26, 2008.**

**CHAPTER 19.
STATE BUDGET AND CONTROL BOARD
ARTICLE 1.
OFFICE OF EXECUTIVE DIRECTOR**

Statutory Authority: Act 178 of 1981, and 1976 Code Sections 4-29-140, 44-7-1590, and 48-3-140

19-101. Travel Regulations for State Employees; Policy.

These regulations apply to all employees of the State or agencies thereof not otherwise specifically covered by law.

19-101.01. Travel and Transportation at State Expense.

Travel and transportation at State expense will be authorized only when officially justified and by those means which meet State government requirements consistent with good management practices.

19-101.02. Economical Considerations.

Transportation to and from points of arrival and departure will be accomplished by the most economical methods.

19-101.03. Air Travel.

Travel by commercial airlines will be accomplished in coach or tourist class, except where exigencies require otherwise.

19-101.04. Definitions.

A. Permanent place of employment: The location of the place of activity where a State employee is regularly assigned and performs work. The corporate limits of the city or town in which the employee's place of work is located. If an employee is not employed in an incorporated city or town, his permanent place of employment is the place of work.

B. Residence: The fixed or permanent domicile of a person that can reasonably be justified as a bona fide place of actual residence.

C. Mileage allowance: A rate per mile in lieu of actual expenses of operation of a privately owned automobile. If a dependent accompanies an employee on an authorized business trip, only those expenses which may be directly attributed to the employee may be reimbursed.

19-101.05. Automobile Travel.

Auto travel should be by the most direct route practicable, and substantial deviation from distances shown by the current State Highway system map of the South Carolina Highway Department should be explained.

19-101.06. Mileage Between Employee's Home and Place of Employment.

Mileage between an employee's home and his/her place of employment is not subject to reimbursement. However, when an employee leaves on a business trip directly from his/her home, and does not go by the employee's headquarters, the employee shall be eligible for reimbursement for actual mileage beginning at his/her residence.

19-101.07. Travel and Subsistence Limitations.

Travel and subsistence limitations may be made more restrictive by the agency head or director as dictated by agency requirements.

19-101.08. Election to Travel by Automobile Rather Than Aircraft.

If, for his own convenience, an employee elects to travel by automobile when air travel is more economical he shall be entitled to reimbursement as follows:

- A. Mileage equal to the amount of coach or tourist air fare.
- B. Vicinity mileage incurred on official business in lieu of using a taxi.
- C. Parking fees equal to that which would have been incurred if the car had been parked at the airport.
- D. Subsistence based on date and time airline connections would have been made for departure and return. Any period of time exceeding these guidelines will be at the employee's expense and no subsistence will be paid.

19-101.09 Parking Fees; Fines for Motor Vehicle Violation.

Parking fees for state-owned vehicles are reimburseable. No reimbursement shall be made to operators of state-owned vehicles who must pay fines for moving or non-moving violations.

19-101.10. Mileage for Use of Privately Owned Vehicle.

The mileage allowance paid to State employees for the use of privately owned vehicles shall be in lieu of all expenses connected with the operation of the vehicle including but not limited to operating costs, depreciation, parking fees, tolls, et cetera. Provided, however, the employee may be reimbursed for storage or parking charges when it is necessary that the vehicle be left at a hotel, airport, or like facility.

19-101.11. Schedule of Maximum Meal Reimbursement.

The Budget and Control Board shall annually prepare a schedule of allowable deductions for meals which shall not exceed the total amount allowed in accordance with the General Appropriations Act. The Budget and Control Board may waive the provisions of this schedule for certain activities or functions performed by members of state boards, commissions, or committees who are not state employees. The Budget and Control Board shall furnish to each agency a copy of the schedule as soon as practicable after the passage of the General Appropriations Act.

19-101.12. Meal Reimbursements.

No reimbursement shall be made for meals within ten (10) miles of an employee's official headquarters or official place of residence. Agency heads or directors may increase this distance requirement as deemed appropriate.

19-101.13. Receipts for Expenditures.

Receipts for all expenditures other than taxi fares and meals shall be provided with the voucher requesting reimbursement.. Provided, however, that the Budget and Control Board may waive this requirement if the employee can furnish other acceptable evidence of expenditures subject to reimbursement.

19-101.14. Attendance at Statewide, Regional or District Meetings.

Employees required, as a part of their official duties, to attend statewide, regional or district meetings within the area in which the employee is headquartered may receive reimbursement for the cost of meals served at such meetings. Reimbursements for these meetings must have the specific approval of the sponsoring agency director who will notify other agencies involved.

19-101.15. Repealed 063)by State Register Volume 17, Issue No. 5, Part 1, effective May 28, 1993.

19-101.16. Overnight Accommodations.

No reimbursement for overnight accommodations will be made within fifty (50) miles of the employee's official headquarters or place of official residence.

19-101.17. Foreign Travel.

Any foreign travel of a State employee will require prior approval of the Budget and Control Board regardless of the source of funds financing such travel. For the purpose of this regulation, foreign travel is defined as any destination outside the continental limits of the United States except Alaska, Hawaii, Canada, Puerto Rico, or the Virgin Islands.

19-101.18. Handicapped Employees.

If a handicapped employee, because of his handicap, is unable to use the most economical mode of travel he may avail himself of the most economical mode compatible with his handicap. In determining the next most economical mode of travel, the following must be considered:

- A. Cost of fare or mileage.
- B. Subsistence expenses incurred due to extra days of travel, if any.
- C. Lodging expenses incurred due to extra days of travel, if any.
- D. Other allowable expenditures incurred due to extra days of travel, if any.

The agency director of the employee's agency must certify as to the employee's handicap and as to his inability to use the most economical mode of travel.

No expenses will be authorized for attendants traveling with State employees.

19-101.19. Advances for Travel Expenses.

Travel expense advances may be made subject to the following.

- A. No travel advance shall be made to an employee for travel within the State without specific approval of the Budget and Control Board.

B. No travel advance shall be made for more than 80% of the estimated amount of the total travel expense, excluding airline transportation.

C. No advance shall be made in instances where 80% of the estimated travel expense does not exceed \$250.

D. The agency, department or institution making advances shall keep such records of advances made in accordance with rules prescribed by the Comptroller General. If the Comptroller General shall furnish to the Budget and Control Board a statement that any agency has failed to keep proper records of travel advances, the Budget and Control Board may withdraw the privilege of that agency for making travel advances.

E. The Comptroller General may require that requests for travel advances must be submitted not later than seven (7) business days prior to the beginning of the trip for which the advance is requested.

F. When the travel assignment is completed, a voucher payable to the traveler shall be prepared for the total amount of allowable expenses incurred and paid. The traveler must then repay the cash advance when the voucher is processed for payment and the check issued to the traveler.

Exhibit 4

Governor's Trips Information Provided by Comptroller General	Reimbursement to Governor's Office by Comptroller General	Date of Reimbursement	Current Comparable Season Price - Economy	Carrier
Austria	\$6,976.38	October 2005	\$4,736.51	Lufthansa
Japan/China	\$7,548.58	October 2005	\$7,396.88	United Airlines
Munich	\$9,976.96	May & July 2007	\$1,419.41	Lufthansa
Poland	\$5,098.33	May 2009	\$2,104.10	Polish Airlines and Continental Airlines
Total	\$29,600.25		\$15,656.90	

Exhibit 5



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

Post Office Box 12267
COLUMBIA 29211

August 12, 2009

VIA HAND DELIVERY

The Honorable David L. Thomas
410 Gressette Building
Columbia, South Carolina 29201

Dear Senator Thomas:

This letter is written in response to your recent public allegations that certain flights taken by Governor Sanford violated the law. While you did not afford the Governor's Office an opportunity to be heard on these allegations, we are taking it upon ourselves to provide you with further information that I think would have been helpful for you to consider before making definitive conclusions regarding serious allegations of unlawfulness.

Before explaining that information, our Office would like to convey how disappointed and disturbed we are that you would make these public allegations without presenting your charges to us and then giving our Office and the Governor an opportunity to be heard – a basic concept of due process and fundamental fairness. As our own State Supreme Court has stated, "The fundamental requirement of due process is the opportunity to be heard at a meaningful time and in a meaningful manner." *S.C. Dept. of Social Servs. v. Beeks*, 325 S.C. 243, 246, 481 S.E.2d 703, 705 (1997). We feel that you have deprived us of this opportunity by failing to ask our Office anything about the two flights that you cited in your letter to Senators Leatherman and McConnell. While it is true that you have requested information from this Office, that information is completely unrelated to the charges you made.

We believe that if you had attempted to contact our office and given us an opportunity to review the information on which you based your conclusions and allowed us to respond – which is the typical process for an investigation of this nature – you would have reached a different conclusion. We are providing you with information that we believe will show that your allegations are unsubstantiated. Again, I will emphasize that our Office was not presented with any specific charges; therefore, our response below is based on a letter that we found via the internet that you sent to Senators Leatherman and McConnell. We do not have copies of the exhibits or other documents you noted in this letter.

1. You allege that the Governor "made" the flights to London and China that are allegedly unlawful, and later you allege that the Governor "chose" his seats. As you know, these two trips were economic development trips organized and paid for by the Department of Commerce, not the Governor. In fact, the Department of Commerce has responded to inquiries related to its purchase of business-class tickets on behalf of the Governor explaining that the agency feels it has complied with travel regulations when purchasing these tickets. Specifically, Commerce issued a statement with regard to overseas economic development trips for the Governor stating:

"[W]e always assumed our practices were congruent with the exigent clause in the comptroller's policy due to the fact that international flights are lengthy (over-night flights are common), schedules once on the ground are demanding and often highly confidential information is reviewed during these flights in preparation for recruitment meetings with company CEOs and other executives."

Given these facts, we feel you should have allowed both our Office and the Department of Commerce to sit down with you to get a better understanding of how the travel arrangements for these types of economic development trips are made before you concluded that the Governor "made" or "chose" flights that violated the law.

2. You allege that the Governor flew to London via "Envoy/Business (first class for overseas flights) class" and to China at a cost that exceeded the cost of the most economical flights available which you conclude violates the South Carolina Code of Regulations. First, records that we have obtained from the Department of Commerce and Forest Lake Travel Agency, which booked the two tickets, show that Commerce purchased and the travel agency booked business class tickets, not first class which you allege is the same as "Envoy/Business." The tickets and booking documents show symbols which reference the type of class for an airline ticket. Business class tickets are notated with the letters "C", "D", or "J". First class tickets are notated with the letters "A" or "F". The documents we received for the London and China trips only show references to "D" – Business Class Discounted or "Y" – Coach Economy. We have attached the booking records for your review. Upon information and belief, in many cases an overseas flight will have many legs on several different airlines and if an airline does not have business class seating it will provide a "business-class equivalent" which may be a first class seat; however, the ticket that is purchased is a business class ticket. Therefore, we believe the booking records show that "Envoy/Business" is not first-class.

Again, we are disappointed that our Office and Commerce were not afforded the opportunity to discuss your interpretation of S.C. Reg. 19-101 before you reached your conclusion. The two regulations in question are: (1) S.C. Reg. 19-101.02 which provides, "Transportation to and from points of arrival and departure will be accomplished by the most economical methods;" and (2) S.C. Reg. 19-101.03 which provides "Travel by commercial airlines will be accomplished in coach or tourist class, *except where exigencies require otherwise.*" (Emphasis added.)

As the Department of Commerce has explained, it believes that the regulation provides them with the discretion to book business class tickets for overseas economic development trips. The agency reached this determination through its own analysis of what is needed to be most effective in luring new business to the state based on its experience. We believe it is entirely

reasonable to conclude, as Commerce officials did, that the state is best served when its economic development representatives are not exhausted from their travel arrangements, and we defer to Commerce's expertise and experience in these matters. Regardless, we have serious doubts whether the obscure travel regulation on which your allegations rely remains valid. As you may know, the Budget and Control Board promulgated this regulation nearly thirty years ago under the authorization of a temporary proviso in an appropriations act. The fact that the authorizing proviso was only temporary creates uncertainty whether the Board had the authority to promulgate a permanent regulation because the Administrative Procedures Act requires that an agency have "statutory authority for promulgating the regulation." S.C. Code Ann. § 1-23-110; see also, *State ex rel. McLeod v. Mills*, 180 S.C. 21, 27, 180 S.E.2d 638, 641 (1971) (stating that appropriations act are temporary in duration). The Board appears to have no independent statutory authority to promulgate travel regulations, and, therefore, we believe that S.C. Code of Regulations 19-101 is likely invalid.

This opinion is supported by long-established agency practices at both the Budget and Control Board and the Department of Commerce. Upon information and belief, the Department of Commerce has a long-standing practice of purchasing business class tickets for overseas travel for Governors and Commerce Secretaries and executives in previous administrations. Moreover, the Budget and Control Board does not appear to enforce the regulation any longer. For example, to our knowledge the Board no longer enforces S.C. Code of Regulation 19-101.17, which requires state employees to obtain "prior approval of the Budget and Control Board" for "[a]ny foreign travel." The Board's failure to perform this function may indicate that it no longer believes the regulation is valid or that it has waived its authority to enforce it. In any case, before you reach the conclusion that the regulation has been violated by the Governor's travel, we believe it is necessary to look at how this regulation has been applied to other agencies and interpreted by the Board before it is selectively enforced against our Office and the Department of Commerce. While you have publicly stated that you are only investigating Governor Sanford and not other governors, your interpretation of the travel regulation is inadequate without considering how the Board has interpreted this regulation and applied it to previous administrations and other agencies and branches of government. See *Brownlee v. South Carolina Dept. of Health and Environmental Control*, 382 S.C. 129, 136, 676 S.E.2d 116, 120 (2009) ("Courts defer to the relevant administrative agency's decisions with respect to its own regulations unless there is a compelling reason to differ.")

Despite our objections noted above, we remain willing to work with your subcommittee upon a showing of good faith and a commitment to fairness. We all have an interest in seeing the truth come to light, and that will only be achieved when all parties are provided an opportunity to be heard.

Sincerely,



Swati Patel
Chief Legal Counsel

Attachments

Booking Class

The following codes are used on airline tickets to identify the class of service and the associated fare structure:

First Class

Examples: A, F

Business Class

Examples: C, D, J

Economy Class

Examples: H, K, L, M, O, N, S, V, Q & others

Detailed Booking Class

- A - First Class Discounted
- B - Coach Economy Discounted
- C - Business Class
- * • D - Business Class Discounted
- * • F - First Class
- H - Coach Economy Discounted
- * • J - Business Class Premium
- K - Thrift
- L - Thrift Discounted
- M - Coach Economy Discounted
- P - First Class Premium
- Q - Coach Economy
- R - Supersonic
- S - Standard Class
- T - Coach Economy Discounted
- V - Thrift Discounted
- W - Coach Economy Premium
- * • Y - Coach Economy

Forest Lake Travel, Inc.
4617 Forest Drive
P.O. Box 6827
Columbia, SC 29260

LONDON

Gov Marshall Sanford

Sale Invoice No: 173556
Date Issued: 7/6/2006
Agent: MW

Passenger Type	From	Ticket/Conf No	Department To	Airline/Vendbr	Depart Date	Return Date	Remarks	Total Fare															
				Flight	A/L	Depart	Arrive																
Sanford/Marshall.Gov	Service.Fee	8120049694		ARC - Automated MCO	7/6/2006			40.00															
Sanford/Marshall.Gov	Intl Air	7640308921		USAIR	7/15/2006	7/20/2006																	
	CLT Charlotte		LGW London	94	US	7/15/2006 7:40:00 PM	7/16/2006 8:30:00 AM	7,005.23															
	LGW London		CLT Charlotte	95	US	7/20/2006 10:30:00 AM	7/20/2006 2:20:00 PM																
<p>Payments Applied To This Invoice</p> <table border="1"> <thead> <tr> <th>AX 37-XXXX-2083</th> <th>Received</th> <th>7/6/2006</th> <th>Pymt For Inv #173556</th> <th>-7,005.23</th> </tr> </thead> <tbody> <tr> <td>AX 37-XXXX-2083</td> <td>Received</td> <td>7/6/2006</td> <td>Pymt For Inv #173556</td> <td>-40.00</td> </tr> <tr> <td colspan="4"></td> <td><u>-7,045.23</u></td> </tr> </tbody> </table>									AX 37-XXXX-2083	Received	7/6/2006	Pymt For Inv #173556	-7,005.23	AX 37-XXXX-2083	Received	7/6/2006	Pymt For Inv #173556	-40.00					<u>-7,045.23</u>
AX 37-XXXX-2083	Received	7/6/2006	Pymt For Inv #173556	-7,005.23																			
AX 37-XXXX-2083	Received	7/6/2006	Pymt For Inv #173556	-40.00																			
				<u>-7,045.23</u>																			

Invoice Total: 7,045.23
Payment Total: -7,045.23
Balance Due: 0.00

ARC SETTLED DOCUMENT EDW TRANSACTION # 206183001010563

FOREST LAKE TRAVEL INC
COLUMBIA, SC

US AIRWAYS, INC.

FOREST LAKE TRAVEL INC

SANFORD/MARSHALL.GOV
*** NOT VALID FOR ***
*** TRANSPORTATION ***

0377640308921
CAE425581408JUL0

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7640308921

AT&T AUDITORS COUPON 6

DATE OF ISSUE
07JUL06

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COLUMBIA, SC

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42558143

CLT

SANFORD/MARSHALL.GOV

Business

0 CLTLGWUS C 14 16JUL

0 LGWCLTUS C 96 18JUL

FORM OF PAYMENT

EXCH

EXCH

DOCUMENT NUMBER

0 037 7640308921

NOT VALID FOR TRAVEL

0 037 7640308921

China

arc

ARC Document Retrieval Service

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ARC SETTLED DOCUMENT EDW TRANSACTION # 207208001411973

FOREST LAKE TRAVEL INC
COLUMBIA, SC

ATBII AUDITORS COUPON 0

DATE OF ISSUE
20JUL07

REF NBR: 07-07-3-7
PED: 07/22/2007
SEQ NBR: 89733

UNITED AIRLINES

FOREST LAKE TRAVEL INC

COLUMBIA, SC

SANFORD/MARSHALL GOV

*** NOT VALID FOR ***
*** TRANSPORTATION ***

5235

PNR
OQM27P1P
CONJ.
X 62

FARE BASIS TOUR
DXRCNE

FFVF/FFV

EXCH

FC CAE UA XWAS UA BUS M5198 50/-TAO UA XBUS UA XWAS UA CAE M5305 50P R/BJS1244.00NUC 1 1748.00END
ROE1.00UA XT 18.50CN7 50AY7 00XY3.50YC6.00XA13.50XPCAE4.5IAD4.5IAD4.5

FARE USD 11,748.00

EQUIV FARE

FORM OF PAYMENT
AX*****1168 00 148837
0.00 317.20

TAX YQ 230.00

TAX US 30.20

TAX XT 57.00 888 38140132194

TOTAL USD 12,065.20

DOCUMENT NUMBER
0 016 7679019162 4

NOT VALID FOR TRAVEL
0 016 7679019162 4

D Bus
Y Coach

ARC SETTLED DOCUMENT EDW TRANSACTION # 207208001411973

FOREST LAKE TRAVEL INC
COLUMBIA, SC

ATBII AUDITORS COUPON 0

DATE OF ISSUE
20JUL07

REF NBR: 07-07-3-7
PED: 07/22/2007
SEQ NBR: 89733

UNITED AIRLINES

FOREST LAKE TRAVEL INC

COLUMBIA, SC

SANFORD/MARSHALL GOV

*** NOT VALID FOR ***
*** TRANSPORTATION ***

5235

PNR
OQM27P1P
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X 62

FARE BASIS TOUR
DXRCNE

FFVF/FFV

EXCH

FC CAE UA XWAS UA BUS M5198 50/-TAO UA XBUS UA XWAS UA CAE M5305 50P R/BJS1244.00NUC 1 1748.00END
ROE1.00UA XT 18.50CN7 50AY7 00XY3.50YC6.00XA13.50XPCAE4.5IAD4.5IAD4.5

FARE USD 11,748.00

EQUIV FARE

FORM OF PAYMENT
AX*****1168 00 148837
0.00 317.20

TAX YQ 230.00

TAX US 30.20

TAX XT 57.00 888 38140132194

TOTAL USD 12,065.20

DOCUMENT NUMBER
0 016 7679019161 3

NOT VALID FOR TRAVEL
0 016 7679019161 3

Y Coach
D Bus
Y Coach

China

Forest Lake Travel, Inc.
4617 Forest Drive
P O Box 6827
Columbia, SC 29260

Vicki Wooten
SC Dept of Commerce
1201 Main St Ste 1600
Columbia SC 29202

Sale Invoice No: 183793
Date Issued: 7/20/2007
Agent: MW

Passenger Type	From	Ticket/Conf No	Department To	Depart Date	Airline/Vendor	Flight	Return Date	A/L	Depart	Remarks	Itin	Arrive	Total Fare
Sanford/Marshall Gov	Intl Air	7679019160	DLC Dalian	9/5/2007	China Southern Airlines	6134	9/5/2007	CZ	5:25:00 PM	PEK/DLC		9/5/2007 6:30:00 PM	107.11

Payments Applied To This Invoice

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				-107.11

Invoice Total: 107.11
Payment Total: -107.11
Balance Due: 0.00



ARC Document Retrieval Service



arc

ARC SETTLED DOCUMENT EDW TRANSACTION # 207208001411972

FOREST LAKE TRAVEL INC
COLUMBIA, SC

ATB1 AUDITORS COUPON 8

REP NBR: 07-07-3-7

CHINA SOUTHERN AIRLINES

DATE OF ISSUE
20JUL07

PED: 07/22/2007

SEQ NBR: 680

FOREST LAKE TRAVEL INC

5235
COLUMBIA, SC

MW

ICNY SANFORD/MARSHALL GOV

SANFORD/MARSHALL GOV

FARE BASIS TOUR
Y

42658143

PEK

*** NOT VALID FOR ***

*** TRANSPORTATION ***

FVVV

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EXCH

PNR
OQM27P1P

CONJ.

FC 8JS CZ DLC 710CNY710END CZ 1CNY/D. 132100USD

FARE CNY 710.00 USD 94.00

FORM OF PAYMENT

AX*****1168 00 177339

0.00

13.11

TAX CN 6.61

TAX YR 6.60

TAX 0.00 889 39140132163

DOCUMENT NUMBER

0 784 76790101001

NOT VALID FOR TRAVEL

0 764 76790101001

Y coach

Mary Watts
Forest Lake Travel
(803) 738-1520 ext.226 (800) 554-8758
mary@fltweb.com

OC5572

ITINERARY INVOICE
PAGE NO. 1
PNR: 1P-OC5572
TK-MW/99S BK-MW/99S

NAME : SANFORD/MARSHALL.GOV

ACCOUNT NO.
7345191

DATE
06JUL06

CO	DATE	CITY-AIRPORT	TIME	FLIGHT NBR/CLASS	ST SERV/AMNT
A SA	15JUL	LV CHARLOTTE	740P	US AIRWAYS	94C OK DINNER
	16JUL	AR LONDON/GATWICK	830A		OSTOP 333
			SEAT	03-G **RESERVED**	
				SANFORD/MARSHALL.GOV	
A TH	20JUL	LV LONDON/GATWICK	1030A	US AIRWAYS	95C OK LUNCH
		AR CHARLOTTE	220P		OSTOP 333
			SEAT	04-F **RESERVED**	
				SANFORD/MARSHALL.GOV	
V TH	20JUL	FOREST LAKE TRAVEL SERVICES			
	2006				

PASSENGER
SANFORD/MARSHALL.GOV

CONFIRMED
ITEM COST:40.00

BOOKING FEE

TICKET NUMBER
0377640308921

AIR AMT
7005.23

40.00 TAX

0.00

SUBTOTAL	40.00
AIR FARE	6866.00
TAX	139.23
TOTAL AIR FARE	7005.23
TOTAL INVOICE AMOUNT	7045.23
AMOUNT CHARGED	7045.23

THIS AMOUNT WILL BE CHARGED TO CREDIT CARD: AX

AFTER HOUR EMERGENCIES CALL 800-448-8660/CODE P-99S
RECONFIRM DIRECTLY W/AIRLINE 24HRS PRIOR TO FLIGHT
FAA SECURITY REGULATIONS REQUIRE POSITIVE PHOTO ID
PLEASE ALLOW 1 HOUR FOR CHECK-IN PRIOR TO FLT
CANCELLATION OF NONREFUNDABLE TICKETS MUST BE MADE
PRIOR TO DATE AND TIME OF DEPARTURE
HAVE A GREAT TRIP***MARY
AIRLINE TICKETS ARE NON-REFUNDABLE AND NON-TRANSFERABLE
UNLESS OTHERWISE NOTED
A MINIMUM OF \$100 PENALTY APPLIES TO ANY RESERVATION CHANGES

(CO)DE: A-AIR H-HOTEL C-CAR T-TOUR S-SURFACE V-OTHER TRVL SERVCS
(ST)ATUS:OK-CONFIRMED WL-WAITLIST RQ-REQUESTED NS-NO SEAT SA-STANDBY

Aug 21, 2007 9:37AM

Forest Lake Travel

No. 0965 P. 2 17



FOREST LAKE TRAVEL

FOREST LAKE TRAVEL, INC.
1000 E. 10TH ST.
COLUMBIA, SC 29206
(803) 782-3499

SC DEPARTMENT OF COMMERCE
1000 E. 10TH STREET
COLUMBIA, SC 29206

ROUTE 1 SANFORD/MARSHALL.GOV

PASSENGER NO.

DATE
20JUL07

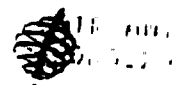
* ELECTRONIC TICKET * POSITIVE IDENTIFICATION REQUIRED AT CHECK IN
* REQUEST TERMS/CONDITIONS OF TRAVEL AND CARRIER LIABILITY NOTICES FROM
* TRAVEL AGENCY OR THE TRANSPORTING CARRIER **

ISSUED BY FOREST LAKE TRAVEL, INC. COLUMBIA, SC

TO	DATE	CITY-AIRPORT	TIME	FLIGHT NO./CLASS	ST SERV/AMT
A TO OSEP BY COLUMBIA SC		AK WAS/DULLES	900A	UNITED 740-100K	
		OPERATED BY UNITED EXPRESS MESA AIRLINES	1122A	BAGS ALLOWED- 2PIECE	OSTOP 000
		SEAT		01-H **RESERVED**	
				SANFORD/MARSHALL.GOV	
A TO OSEP BY WAS/DULLES			1223P	UNITED 897-00K LUNCH	
		OSEP OR BEIJING/PEKING	123P	BAGS ALLOWED- 2PIECE	OSTOP 744
			SEAT	02-H **RESERVED**	
				SANFORD/MARSHALL.GOV	
A TO OSEP BY QINGDAO		AK BEIJING/PEKING	310P	UNITED 440-00K SHANGHAI	
		OPERATED BY AIR CHINA - CA130	433P	BAGS ALLOWED- 2PIECE	OSTOP 708
		SEAT		06-C **RESERVED**	
				SANFORD/MARSHALL.GOV	
A TO OSEP BY BEIJING/PEKING		AK WAS/DULLES	040P	UNITED 890-00K DINNER	
			745P	BAGS ALLOWED- 2PIECE	OSTOP 744
			SEAT	02-H **RESERVED**	
				SANFORD/MARSHALL.GOV	
A TO OSEP BY WAS/DULLES		AK COLUMBIA SC	050A	UNITED 716-00K	
		OPERATED BY UNITED EXPRESS MESA AIRLINES	1122A	BAGS ALLOWED- 2PIECE	OSTOP 000
		SEAT		02-H **RESERVED**	
				SANFORD/MARSHALL.GOV	

SPINER
FOREST LAKE TRAVEL, INC.

FOREST LAKE TRAVEL, INC.
1000 E. 10TH STREET
COLUMBIA, SC 29206



Forest Lake Travel
117 Forest Drive, Ste B
Columbia, SC 29206
Tel: (803) 782-3499
Fax: (803) 782-3499

www.forestlaketravel.net

To correspond or remit
PO Box 4827
Columbia, SC 29206

VIRTUOSO MEMBER
SPECIALISTS IN THE ART OF TRAVEL



FOREST LAKE TRAVEL

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ACCOUNT NO.

DATE
20JUN 07

* ELECTRONIC TICKET * POSITIVE IDENTIFICATION REQUIRED AT CHECK-IN
REQUEST TERMS/CONDITIONS OF TRAVEL AND CARRIER LIABILITY NOTICES FROM
TRAVEL AGENCY OR THE TRANSPORTING CARRIER.**

ISSUED BY FOREST LAKE TRVL SVC INC COLUMBIA SC

DATE	CITY-AIRPORT	TIME	FLIGHT NO/CLASS	ST	SPRNO. AMNT
06JUN 07	MEMPHIS TO GETTING/PERKING	0500P	CHINA SOUTHERN 6134	OK	
	OR DALIAN	0500P	BAGS ALLOWED-20K1105		0500P 101

ASSEMBLER
SOUTH/ST/MASS/SHALL 1600

TICKET NUMBER
80047829019180

0000 0000
100.11

	CITY	
AIR FARE	USD	210
FARE - EQUIVALENT	USD	74.00
TAX	USD	13.11
TOTAL AIR FARE	USD	107.11
AMOUNT CHARGED	USD	107.11

THIS AMOUNT WILL BE CHARGED TO CREDIT CARD: AX

FOR MORE INFORMATION CALL 800-448-8350 CODE P-976
FLIGHTS DIRECTLY OPERATED BY CHINA SOUTHERN AIRLINE
PLEASE ARRIVE AT THE AIRPORT AT LEAST 2 HOURS PRIOR TO DEPARTURE
SPECIAL AGENTS OF UNRECOVERABLE TICKETS MUST BE MADE
FOR TO DATE AND TIME OF DEPARTURE



VIRTUOSO MEMBER
SPECIALIST IN THE ART OF TRAVEL

Forest Lake Travel
3611 Forest Drive Ste B
Columbia, SC 29206
Office (803) 734-1520
Fax (803) 732-3659
WATS: (803) 554-8758

www.forestlaketravel.net

In correspondence with:
PO Box 4827
Columbia SC 29204

AUG 21 2007 9:37AM

837 0143 T-1VP

No. 0965 2 3 '7



FOREST LAKE TRAVEL

ADDITIONAL INFORMATION
CODE: 0000
DATE: 11-01-2007
TIME: 12:00 PM

DATE	TIME	TO	FROM	ST. CARRIER
08/21/07	09:37	MIAMI	MIAMI	0000
TOTAL FARE				1,000.00
SERVILE FEE				40.00
TAXES CHARGED				1,040.00

THIS TICKET WILL BE CHARGED TO CREDIT CARD OR

24 HOUR EMERGENCIES CALL 800-448-6680/0000 P-995
RECONFIRM DIRECTLY WITH LINE 24HRS PRIOR TO FLIGHT
***DUE TO HEIGHTENED SECURITY PLEASE ARRIVE AT THE
AIRPORT AT LEAST 2 HOURS PRIOR TO DEPARTURE***
CANCELLATION OF NONREFUNDABLE TICKETS MUST BE MADE
PRIOR TO DATE AND TIME OF DEPARTURE



VIRTUOSO MEMBER
SPECIALIST IN THE ART OF TRAVEL

Forest Lake Travel
Forest Drive, Ste B
Bia, SC 29206
(803) 778-1520
(803) 782-1189
(803) 554-4795

www.forestlaketravel.net

To correspond or remit
PO Box 6137
Columbia, SC 29260

**International Flights
October 2003 - April 2009**

Dates	Flight	Seat	Cost
10/14/03 - 10/24/03	China Mission	not available	not available

No ticket available. Commerce Department itinerary indicates Governor Sanford arrived in Beijing, China at 2:35 PM on October 21, 2003 and was scheduled to have dinner with VIP's at 6:30 PM that same day.

Dates	Flight	Seat	Cost
10/24/03 - 10/31/03	Asia - Japan	not available	not available

No ticket available. Itinerary indicates Governor Sanford arrived mid-afternoon on October 24, 2003. The next scheduled event was a reception at 9:00 a.m. on October 25, 2003.

Dates	Flight	Seat	Cost
6/16/04 - 6/25/04	European Investment	not available	

No ticket available. Itinerary indicates that Governor Sanford arrived in Munich, Germany on June 21, 2004 at 8:00 AM and had a delegation meeting at 11:15 AM that same day.

Dates	Flight	Seat	Cost
11/10/04 - 11/12/04	Charlotte - Philadelphia	business	\$5,875.40
	Philadelphia - Rome	business	
	Rome - Philadelphia	business	

No itinerary available

Dates	Flight	Seat	Cost
6/12/05 - 6/15/2005	European Investment	not available	

According to the itinerary, Governor Sanford arrived in Paris on June 12, 2005 at 10:40 A.M. Afternoon and evening were open. At 7:30 AM on June 12, 2005 depart for air show.

International Flights
October 2003 - April 2009

Dates	Flight	Seat	Cost
9/8/05 - 9/10/05	Charlotte - Frankfurt Frankfurt - Graz Graz - Frankfurt Frankfurt - Charlotte	business business business business	\$6,976.38

No itinerary available.

Dates	Flight	Seat	Cost
10/15/05 - 10/22/05	Mission to China		
	Columbia - Chicago	coach	\$3,895.40
	Chicago - Tokyo	business	
	Tokyo - Shanghai	business	\$3,653.18
	Beijing - Chicago	business	
	Chicago - Columbia	coach	

Itinerary indicates that Governor Sanford arrived in Shanghai from Tokyo on October 17, 2005 at 8:15 PM. The next scheduled event was a breakfast meeting on October 18, 2005.

Dates	Flight	Seat	Cost
7/15/06 - 7/20/06	European Investment Charlotte - London London - Charlotte	business business	\$7,045.23

Itinerary indicates Governor Sanford arrived in London at 8:30 AM on July 16, 2006. At 8:00 PM on July 16, 2006 Governor Sanford hosted a prospect dinner.

Dates	Flight	Seat	Cost
6/16/07 - 6/24/07	European Investment		
	Charlotte - Munich	business	\$4,685.47
	Munich - Paris	business	
	Munich - Charlotte (6/21/07)	business	\$5,291.49

Itinerary indicates that Governor Sanford arrived in Paris on June 17, 2007 at 10:55 AM. On June 18, 2007 at 7:45 he departed for the Paris Air Show.

International Flights

October 2003 - April 2009

Dates	Flight	Seat	Cost
9/4/07 - 9/10/07	China Economic Forum Columbia - Washington Washington - Beijing Qingdao - Beijing Beijing - Washington Washington - Columbia	 coach business coach business coach	\$12,108.20

Itinerary indicates that Governor Sanford arrived in Dalian, China at 7:30 PM on September 5, 2007. On September 7, 2007 he hosted a breakfast at 7:30AM.

Dates	Flight	Seat	Cost
6/21/08 - 6/28/08	Brazil Trade Mission Columbia - Atlanta Atlanta - Sao Paulo Sao Paulo - Cordoba Cordoba - Buenos Aires Buenos Aires - Atlanta Atlanta - Columbia	first class business coach business business coach	\$8,687.03

Itinerary indicates Governor Sanford arrived in Sao Paulo at 8:55 PM on June 21, 2008. A tour of the city was scheduled for 11:00 AM on June 22, 2008.

Dates	Flight	Seat	Cost
4/19/09 - 4/24/09	Poland Trade Mission Charlotte - New York New York - Warsaw Stockholm - New York	first class business business *	\$7,318.97

* Original return included: Stockholm - Chicago business
Chicago - Charlotte first class

Mary Watts, Forest Lake Travel, advised that she has booked all or most of the international flights ordered by SC Department of Commerce. She stated that the flights are booked by the Commerce Department and the requested seating for Governor Sanford is always business class. She stated that when booking international flights at the business class rate, the connecting flights are booked as business class at no extra charge. She stated that there is no requirement that the return flight to the United States be booked as business class if the outgoing flight is business class.

Friday, November 12, 2004

APPOINTMENT DETAILS:

(8:00 AM - 9:00 AM) MS and Bob depart for Airport
(Rome)
Jack Ellenberg will be in car
Transportation: Pranzetti

(9:00 AM - 9:00 AM) ETA Leonardo Da Vinci Airport, Rome, Italy
(Rome, Italy)

(11:15 AM - 11:15 AM) US Air Flight 3 Departs for Philadelphia
(Leonardo Da Vinci Airport, Rome, Italy)
Ticket number: E0371177181130

(2:20 PM - 2:20 PM) ETA Philadelphia International Airport
(Philadelphia)
Customs: Chief Robert Heiss [REDACTED]

(2:45 PM - 3:30 PM) Depart for Atlantic Aviation
(North East Philadelphia Airport)
Contact: John Butterworth at Atlantic Aviation 215-492-7063
Transportation: Trooper Chris Ott cell [REDACTED]
Number at airport: 215-698-3100

(3:45 PM - 5:10 PM) Wheels up Atlantic Aviation
(Philadelphia International Airport)
Pilots: John Young cell [REDACTED] and Mike Hugg cell [REDACTED]
Passengers: MS, JS Chris Drummond, Michelle Drummond and Douglas

(5:10 PM - 5:10 PM) ETA Greenbrier Valley Airport
(Greenbrier Valley Aviation, Lewisburg, West Virginia)
Sgt Gary Sweeney, West Virginia State Police, cell [REDACTED]

(5:15 PM - 5:30 PM) Depart for Greenbrier
(West Virginia)
Sgt Gary Sweeney, West Virginia State Police, cell [REDACTED]

(5:30 PM - 5:30 PM) ETA The Greenbrier
(300 West Main Street, White Sulphur Springs, West Virginia, 24986)
Contact: Martha Hatcher cell [REDACTED]
Reservation number for Greenbrier: 32SCG
Confirmation number for Seminar: 490087

(5:30 PM - 7:00 PM) Free Time
(Greenbrier, West Virginia)

(7:00 PM - 7:45 PM) Reception for Governors, Governors-Elect, Spouses, Seminar Sponsors and NGA Corporate Fellows
(Presidential Suite Parlor, Greenbrier, West Virginia)

Attire: Business Casual

Transportation will be provided to Howard's Creek Lodge for the the Dinner

(8 00 PM - 10 00 PM) Dinner for Governors, Governors-Elect and Spouses
(Howard's Creek Lodge, The Greenbrier, West Virginia)

TASK DETAILS:

NOTE DETAILS

FYI: Association of Capitol & Editors Conference Awards

Aaron Gould Sheinin invited the Governor to speak at the Association of Capitol Reporters and Editors Conference awards dinner on November 12, 2004, at 7 00 pm, probably at the Columbia Convention Center.

Saturday, September 10, 2005

APPOINTMENT DETAILS

(10:00 AM - 11:00 AM) FYI: Bolton Soccer
(Field E, Owens Field, Columbia, SC)
v RWE Nucem

(11:45 AM - 11:45 AM) Lufthansa Flight 1416 departs Frankfurt (Central European Summer Time)
(Frankfurt, Germany)
Seat 4B

(12:00 PM - 12:00 PM) FYI: Blake Soccer Game
(Owens Field, Field J, Columbia, SC)

(12:00 PM - 1:00 PM) FYI: Blake Soccer Game
(Field J, Owens Field, Columbia)
v City of Columbia

(3:15 PM - 3:15 PM) ETA Charlotte International Airport
(Charlotte, NC)
Brian Benfield [REDACTED]

(3:30 PM - 4:50 PM) Flexible: Depart for Columbia
(Charlotte, NC)
Brian Benfield [REDACTED]
Jack Proffitt [REDACTED] and Brian will meet in the middle to switch off

(5:30 PM - 8:30 PM) FYI: USC v. Georgia (A)
(Athens, Georgia)

TASK DETAILS

NOTE DETAILS

Clemson v Maryland (A)

FYI Bailey Puntereri's wedding

Onteora Club
Tannersville, NY

Marshall Sumter Tennis Tournament

FYI Lexington Fun Fest Doo Dah Parade

10am

Saturday, October 22, 2005

APPOINTMENT DETAILS

(8:45 AM - 8:45 AM) FYI: Bolton Soccer
(Field E, Owens Field, Columbia, SC)
v. St. Joseph

(9:00 AM - 9:00 AM) FYI: Blake Soccer Game
(Field J, Owens Field, Columbia)
v. St. Josephs (#2)

(9:00 AM - 9:00 AM) FYI: Oconee Road Runners Club Oktoberfest Run
(Walhalla, SC)
Contact: Wilma Dain [REDACTED]

(12:40 PM - 12:40 PM) FYI: Clemson v Temple (H)
(Clemson, SC)

(1:30 PM - 1:30 PM) FYI: USC Homecoming Game Day Party
(National Guard Armory, Bluff Rd., Columbia)

(3:30 PM - 3:30 PM) FYI: USC v. Vanderbilt
(Williams-Brice Stadium, Columbia)
Homecoming Game
Attendees: JSS, Marshall, Landon, Bolton, Blake, Curry Hagerty and guest, Katherine Haltiwanger and guest, Jennifer Keown and guest, Kevin Kibler and August and Emily Kibler, and Joel and Anna Sawyer

(4:15 PM - 4:15 PM) Arrive Chicago-O'Hare Airport (Central Time)
(Chicago, IL)
United Flight 850
Seat 12B

(5:50 PM - 7:50 PM) Depart Chicago O'Hare Airport (Central Time)
(Chicago, IL)
United Flight 7264
Seat 2D

(8:50 PM - 8:50 PM) ETA Columbia Metro Airport (Eastern Time)
(Columbia, SC)
Douglas Mazyck [REDACTED]

TASK DETAILS:

NOTE DETAILS:

FYI: 22nd Biennial Convention of the SC Federation of GOP Women

Contact: LaDonna Ryggs [REDACTED] or [REDACTED]
Location: Marriott at Renaissance Park, Spartanburg
CK added to calendar as FYI 5/3/05 - took off of GOP website not invited
Saturday 8-12 Convention

Wednesday, July 19, 2006

APPOINTMENT DETAILS

(10:30 AM - 10:30 AM) Depart London, England

(London, England)

US Air flight 95 departs Gatwick and arrives Charlotte Int'l 2:20pm

Seat 4B

Lunch served

(11:30 AM - 11:30 AM) FYI: Awakenings Conference Call

(Columbia, SC)

This is a very important meeting as we will discuss the confirmation of speakers and completion of panels.

US (800) 416-4956

Global (302) 709-8433

Password [REDACTED]

(2:20 PM - 2:20 PM) ETA Charlotte Douglas International Airport

(Charlotte, NC)

Ken Simmons 803-609-6924

Jim Schoolmeester (Customs Agent) 980-235-1600 will meet the Governor and make sure he gets through Customs.

(2:45 PM - 4:15 PM) Flexible Depart for Mansion/Office

(Charlotte, NC)

Ken Simmons [REDACTED]

TASK DETAILS

NOTE DETAILS

Peg's Birthday

Beaufort Water Festival

European Mission

Thursday, June 21, 2007

APPOINTMENT DETAILS:

(11:30 AM - 11:30 AM) Depart Munich International Airport

(Munich, Germany)

Lufthansa Flight 428 departs Munich 11:30am and arrives Charlotte at 3:15pm

Seat 12A

Ticket number: 2207676925659

(1:30 PM - 1:30 PM) FYI: Miss South Carolina of America Pageant Photo in Office

(Office)

Contact: Rhonda Woods cell: [REDACTED]

19 girls

(3:15 PM - 3:15 PM) ETA Charlotte Douglas International Airport

(Charlotte, NC)

Alex Betts [REDACTED] will meet Brian and MS and expedite Customs

(3:30 PM - 5:00 PM) Flexible: Depart for Columbia

(Charlotte, NC)

Brian Benfield [REDACTED]

(5:30 PM - 7:15 PM) Flexible: Depart for Sullivan's Island

(Columbia, SC)

Brian Benfield [REDACTED]

TASK DETAILS

NOTE DETAILS:

AEI

European Mission

FYI: Marshall - Furman Tennis Camp

Sine Die - General Assembly in Session

Monday, September 10, 2007

APPOINTMENT DETAILS

(8:30 AM - 9:00 AM) Meeting with [REDACTED]
(Qingdao, China)
Contact [REDACTED]
Attire: Coat and tie

(1:30 PM - 2:00 PM) Meeting with Folks from Project Hope
(Qingdao, China)
Contact: John Ling cell 011 (86) 138-1611-8956
Attire: Coat and tie

(3:15 PM - 3:15 PM) Depart Qingdao Airport
(Qingdao, China)
United flight 4400 departs Qingdao 3:15pm and arrives Dulles 4:35pm
Seat 6C

(4:35 PM - 4:35 PM) ETA Beijing
(Beijing, China)

(6:30 PM - 6:30 PM) Depart Beijing International Airport
(Beijing, China)
United flight 898 departs Beijing 6:30pm and arrives Dulles 7:46pm
Seat 1A

(7:45 PM - 7:45 PM) 7:46pm ETA Dulles
(Dulles, VA)

(10:00 PM - 10:00 PM) Depart Dulles International Airport
(Dulles, VA)
United flight 7169 departs Dulles 9:59pm and arrives Columbia 11:25pm
Seat 2C

(11:25 PM - 11:25 PM) ETA Columbia Metro Airport
(Columbia, SC)

(11:30 PM - 11:45 PM) Depart for Mansion
(Columbia, SC)
Eric Burton cell 803-608-7360

TASK DETAILS

NOTE DETAILS

Saturday, June 28, 2008

APPOINTMENT DETAILS

(5:55 AM - 5:55 AM) ETA Hartsfield-Jackson Atlanta Airport (ATL) EASTERN TIME
(Atlanta, GA)

(6:00 AM - 10:30 AM) Depart for Coosaw
(Atlanta, GA)
Darrin Hayes [REDACTED]

(9:40 AM - 9:40 AM) 9:42am FYI: Depart Hartsfield-Jackson Atlanta Airport (ATL)
(Atlanta, GA)
Flight #: Delta 4810 departs 9:42am from ATL and arrives Columbia 10:45am
Delta Confirmation #: PC8KVQ
Seat: 5B
Duration: 1hr 3min

(10:45 AM - 10:45 AM) FYI: ETA Columbia Metropolitan Airport (CAE)
(Columbia, SC)

TASK DETAILS

NOTE DETAILS:

SI Rented (thru 8/9)

South American Trade Mission

Joe Taylor

[REDACTED] Commerce Cell
[REDACTED] Personal Cell

Friday, April 24, 2009

APPOINTMENT DETAILS

(9:10 AM - 9:10 AM) Depart Stockholm Arlanda Airport (ARN)

(Stockholm, Sweden)

Continental Flight# 69 Departs Stockholm (ARN) 9:10am (Central European Time) and Arrives EWR 12:00pm (EST)

Confirmation# A66RVE

Seat 2F

Duration: 8 hours 50 min

*note: Jack and Joe's confirmation: A66WY1

(12:00 PM - 12:00 PM) ETA Newark International Airport

(Newark, NJ)

Trooper on ground to facilitate transport to State Plane: Peter Ramsey [REDACTED]

(12:40 PM - 3:00 PM) Wheels Up Newark International Airport (EWR)

(Signature Flight Support, Newark, NJ)

Pilots: Walt Johnson [REDACTED] and Mike Hugg [REDACTED]

Passengers: MS, Patrick Franks

FBO# 973-624-1660

(2:50 PM - 2:50 PM) ETA Conway Horry County Airport (HYW)

(FBO/North American Institute of Aviation, 1700 Airport Road, Conway, SC)

(2:55 PM - 3:15 PM) Depart for Media Availability

(FBO/North American Institute of Aviation, 1700 Airport Road, Conway, SC)

Pam Williamson [REDACTED]

MS, Ron Osborne, Patrick

(3:30 PM - 4:15 PM) Media Availability: Fire Damage

(Incident Command Post, Solid Waste ICP, 1886 Highway 90, Conway, SC 29526)

Contact: Joel Sawyer [REDACTED]

Attire: Casual (Jeans and button up)

(4:15 PM - 5:00 PM) Tour Fire Damage and visit Emergency Operations Center

(Various Locations and Emergency Operations Center, 2560 Main Street, Conway, SC)

Pam Williamson [REDACTED]

MS, Ron Osborne, Randy Webster ([REDACTED]), Patrick

(5:15 PM - 6:00 PM) Wheels Up Grand Strand Airport

(FBO/Ramp 66, 2800 Terminal Street, North Myrtle Beach SC)

Pilots: Walt Johnson [REDACTED] and Mike Hugg [REDACTED]

Passengers: MS, Patrick Franks

(6:00 PM - 6:00 PM) ETA Aeronautics

(Columbia SC)

(6:05 PM - 6:20 PM) Depart for Mansion

(Aeronautics, Columbia SC)

Todd Cook [REDACTED]

Attachment M

State of South Carolina State Ethics Commission

COMMISSIONERS
SUSAN P. McWILLIAMS, MEMBER AT LARGE
CHAIR
PHILLIP FLORENCE, JR., MEMBER AT LARGE
VICE CHAIR
RICHARD H. FITZGERALD, 1ST DISTRICT



COMMISSIONERS
EDWARD E. DURYEA, 2ND DISTRICT
E. KAY BIERMANN BROHL, 3RD DISTRICT
J. B. HOLEMAN, 4TH DISTRICT
JONATHAN H. BURNETT, 5TH DISTRICT
PRISCILLA L. TANNER, 6TH DISTRICT
G. CARLTON MANLEY, MEMBER AT LARGE

5000 THURMOND MALL, SUITE 250
COLUMBIA, S.C. 29201

HERBERT R. HAYDEN, JR.
EXECUTIVE DIRECTOR

September 25, 2009

Mr. Karl S. Bowers, Jr.
Hall & Bowers, LLC
P.O. Box 12107
Columbia, SC 29211

Dear Mr. Bowers:

As we discussed in our September 8, 2009 meeting, we are requesting responses from Governor Sanford to the following:

In previous statements made to the media and in various correspondence, Governor Sanford has stated that it was common practice for him to fly business class on overseas flights. According to flight information provided by the South Carolina Commerce Division and Forest Lake Travel Service, all of the flights in question contained at least multiple legs with business class seating.

Attached is a breakdown of the overseas flights which are in question. Please provide responses from Governor Sanford to the following questions with regard to each of the flights on the attached.

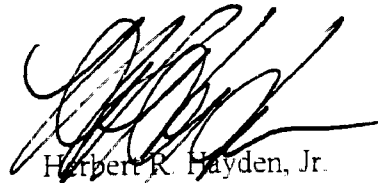
1. Explain your reasons for flying business class rather than coach as required by 19 South Carolina Ann., Reg. 101.03.
2. Provide the cite for your authority to fly business class rather than coach?
3. Who arranged for the purchase of business class tickets for the listed flights?
4. Did any employee of the Governor's office participate in any purchase of any tickets for any overseas flights? If so, provide the employee's name and telephone number.
5. If, as you have suggested in comments to the media and in correspondence, you claim exigencies which warranted the purchase of business class tickets, provide the specific exigent circumstance which existed for each flight.

Mr. Karl S. Bowers, Jr.
September 25, 2009
Page 2 of 2

On August 12, 2009 a letter signed by Mrs. Swati S. Patel was hand delivered to Senator David L. Thomas. Please provide a copy of that letter with all attachments.

A response is required no later than October 5, 2009.

Sincerely,



Herbert R. Hayden, Jr.
Executive Director

HRHjr:kms

International Flights
October 2003 - April 2009

Dates	Flight	Seat	Cost
10/14/03 - 10/24/03	China Mission	not available	not available

No ticket available. Commerce Department itinerary indicates Governor Sanford arrived in Beijing, China at 2:35 PM on October 21, 2003 and was scheduled to have dinner with VIP's at 6:30 PM that same day.

Dates	Flight	Seat	Cost
10/24/03 - 10/31/03	Asia - Japan	not available	not available

No ticket available. Itinerary indicates Governor Sanford arrived mid-afternoon on October 24, 2003. The next scheduled event was a reception at 9:00 a.m. on October 25, 2003.

Dates	Flight	Seat	Cost
6/16/04 - 6/25/04	European Investment	not available	

No ticket available. Itinerary indicates that Governor Sanford arrived in Munich, Germany on June 21, 2004 at 8:00 AM and had a delegation meeting at 11:15 AM that same day.

Dates	Flight	Seat	Cost
11/10/04 - 11/12/04	Charlotte - Philadelphia Philadelphia - Rome Rome - Philadelphia	not available	\$5,875.40

No itinerary available.

Dates	Flight	Seat	Cost
6/12/05 - 6/15/2005	European Investment	not available	

According to the itinerary, Governor Sanford arrived in Paris on June 12, 2005 at 10:40 A.M. Afternoon and evening were open. At 7:30 AM on June 12, 2005 depart for air show.

International Flights
October 2003 - April 2009

Dates	Flight	Seat	Cost
9/8/05 - 9/10/05	Charlotte - Frankfurt Frankfurt - Graz Graz - Frankfurt Frankfurt - Charlotte	business business business business	\$6,976.38

No itinerary available.

Dates	Flight	Seat	Cost
10/15/05 - 10/22/05	Mission to China Columbia - Chicago Chicago - Tokyo Tokyo - Shanghai Beijing - Chicago Chicago - Columbia	coach business business business coach	

Itinerary indicates that Governor Sanford arrived in Shanghai from Tokyo on October 17, 2005 at 8:15 PM. The next scheduled event was a breakfast meeting on October 18, 2005.

Dates	Flight	Seat	Cost
7/15/06 - 7/20/06	European Investment Charlotte - London London - Charlotte	business business	\$7,045.23

Itinerary indicates Governor Sanford arrived in London at 8:30 AM on July 16, 2006. At 8:00 PM on July 16, 2006 Governor Sanford hosted a prospect dinner.

Dates	Flight	Seat	Cost
6/16/07 - 6/24/07	European Investment Charlotte - Munich Munich - Paris	business business	\$4,685.47
	Munich - Charlotte (6/21/07)	business	\$5,291.49

Itinerary indicates that Governor Sanford arrived in Paris on June 17, 2007 at 10:55 AM. On June 18, 2007 at 7:45 he departed for the Paris Air Show.

International Flights
October 2003 - April 2009

Dates	Flight	Seat	Cost
9/4/07 - 9/10/07	China Economic Forum Columbia - Washington Washington - Beijing Qingdao - Beijing Beijing - Washington Washington - Columbia	coach business coach business coach	\$12,108.20

Itinerary indicates that Governor Sanford arrived in Dalian, China at 7:30 PM on September 5, 2007. On September 7, 2007 he hosted a breakfast at 7:30AM.

Dates	Flight	Seat	Cost
6/21/08 - 6/28/08	Brazil Trade Mission Columbia - Atlanta Atlanta - Sao Paulo Sao Paulo - Cordoba Cordoba - Buenos Aires Buenos Aires - Atlanta Atlanta - Columbia	first class business coach coach business coach	\$8,687.03

Itinerary indicates Governor Sanford arrived in Sao Paulo at 8:55 PM on June 21, 2008. A tour of the city was scheduled for 11:00 AM on June 22, 2008.

Dates	Flight	Seat	Cost
4/19/09 - 4/24/09	Poland Trade Mission Charlotte - New York New York - Warsaw Stockholm - New York	first class business business *	\$7,318.97

Mary Watts, Forest Lake Travel, advised that she has booked all or most of the international flights ordered by SC Department of Commerce. She stated that the flights are booked by the Commerce Department and the requested seating for Governor Sanford is always business class. She stated that when booking international flights at the business class rate, the connecting flights are booked as business class at no extra charge. She stated that there is no requirement that the return flight to the United States be booked as business class if the outgoing flight is business class.

* Original return included: Stockholm - Chicago business
Chicago - Charlotte business

Attachment N

HALL BOWERS**HALL & BOWERS, LLC**
ATTORNEYS AT LAW1329 Blanding Street | Columbia, SC 29201
P.O. Box 12107 | Columbia, SC 29211803.454.0504 tel
803.454.0509 fax
hallbowers.com

October 5, 2009

Herbert R. Hayden, Jr.
Executive Director
State Ethics Commission
5000 Thurmond Mall, Suite 250
Columbia, SC 29201KEVIN A. HALL
kevin.hall@hallbowers.comKARL S. (BUTCH) BOWERS, JR.
butch.bowers@hallbowers.comM. TODD CARROLL
todd.carroll@hallbowers.comRe: Complaint C2010-020
In the Matter of Governor Mark Sanford
Our File No. 27049/1500

Dear Mr. Hayden:

On behalf of Governor Sanford, we write in response to your letter of September 25, 2009 requesting additional information regarding the above referenced investigation. As a threshold matter before addressing the individual questions you submitted, we must first challenge the Ethics Commission's jurisdiction and authority to investigate any alleged violations of travel regulations. "The power of an administrative agency to investigate requires the same statutory authority as any other administrative action. Its powers to investigate and elicit information are therefore derived from and limited by the authorizing statutes." *Ex Parte Allstate Ins. Co.*, 248 S.C. 550, 563, 151 S.E.2d 849, 853 (1966).

The Commission's sole authority to conduct investigations is limited to alleged violations of Chapter 13 of Title 8 and Chapter 17 of Title 2 of the South Carolina Code of Laws by public officials and employees.¹ However, despite this jurisdictional impediment, the Commission's inquiries regarding commercial flights arise not within the scope of Title 8 or Title 2 of the S.C. Code, but only from alleged violations of travel regulations found at S.C. Code Reg. § 19-101.01, *et seq.* These travel regulations were promulgated by the Comptroller General's Office and approved by the Budget & Control Board ("Board") in 1981 pursuant to a proviso in the Fiscal Year 1981-1982 annual appropriations act. Neither the travel regulations nor the authorizing proviso empower the Commission to investigate any alleged violations relating to business class flights.

Moreover, neither Chapter 17 of Title 2 nor Chapter 13 of Title 8 prohibit a public official from flying business class. Accordingly, these allegations fall outside of the scope of the Commission's investigatory powers defined by S.C. Code Ann. § 8-13-320(9), and the portions of the Complaint alleging violations of the travel regulations should, therefore, be dismissed. *See Ex Parte Allstate Ins. Co.*, 248 S.C. 550, 151 S.E.2d 849 (1966) (holding that administrative

¹ This authority is derived solely from and limited by S.C. Code Ann. § 8-13-320(9), which provides the Commission with the power to make investigations "under the provisions of this chapter [Title 8] and Chapter 17 of Title 2".

agency did not have authority to investigate certain activities outside of the scope of the agency's statutory authority).

In the following paragraphs, please find substantive responses to each of your requests. In addition, please note the standing objection to each question based on the Commission's lack of subject matter jurisdiction regarding the matters referenced in each question.

1. ***Explain your reasons for flying business class rather than coach as required by 19 South Carolina Ann., Reg. 101.03.***

RESPONSE:

Regardless of whether the Commission has authority to investigate business class flights, we reject the Commission's assertion that S.C. Code Reg. § 19-101.03 requires the Governor to fly only coach class. As a matter of law, the travel regulations adopted by the Budget and Control Board do not apply to state constitutional officers such as the Governor. S.C. Code Reg. § 19-101.01, which outlines the scope of the travel regulations, states that "[t]hese regulations apply to all *employees* of the State," but does not state that the regulations specifically apply to public officials or constitutional officers. [Emphasis added]. The Board's failure to specifically apply the travel regulations to public officials is significant because there are several important distinctions between state employees and public officials. *See S.C. Atty Gen. Opinion to Sen. Shealy dated September 28, 1992*, 1992 WL 682846 (explaining difference between state employees and public officials under South Carolina statutory and case law).

The General Assembly recognized these distinctions in the appropriations act proviso, which authorizes the Board to promulgate travel regulations, by establishing different monetary limits on travel expenses for state employees, judges, and state boards and commissions members while establishing no limit for constitutional officers. *See* Sect. 135 of FY 1981-82 Appropriations Act.² The fact that the General Assembly specifically outlined different travel rules for state employees than it did for constitutional officers and other officials clearly indicates that it does not believe that public officials are included within the definition of state employee, at least for the purposes of regulating travel.

The canon of statutory construction "*expressio unius est exclusion alterius*" or "*inclusio unius est exclusion alterius*" supports the interpretation that the travel regulations do not apply to public officials like the Governor. This canon holds that "to express or include one thing implies the exclusion of another, or of the alternative." *Hodges v. Rainey*, 341 S.C. 79, 86, 533 S.E. 2d 578, 582 (2000). In the present case, the Board specifically included state employees in the scope of the travel regulations but excluded public officials or constitutional officers. This is significant for two reasons. First, the Board was relying on the appropriations act travel proviso to promulgate the regulations and must have known that the General Assembly had made

² The General Assembly also recognized the critical distinction between public employees and public officials for purposes of Chapter 13 of Title 8 and Chapter 17 of Title 2 of the South Carolina Code, both of which provide the sole authority for the Ethics Commission to conduct investigations and which create separate and distinct definitions for "public employee" and "public official". *See* S.C. Code §§ 2-17-10(17) & (18); 8-13-100(25) & (27); and 8-13-1300(27) & (28)

distinctions between state employees, public officials, and constitutional officers with regard to travel. Second, if the Board intended for the travel regulations to apply to all state employees and public officials, there would have been no reason to define the scope of the regulations. Accordingly, the fact that the Board did not include public officials or constitutional officers within the scope of the regulations implies that the Board did not intend for the regulations to apply to constitutional officers.

This interpretation of the travel regulations is confirmed by the Board's practice of applying the travel regulations in question. Prior to 1992, S.C. Code Reg. § 19-101.17 provided that any "foreign travel of a State employee will require prior approval of the Budget and Control Board regardless of the source of funds financing such travel."³ Yet, between 1981 and 1992, the Board never considered the foreign travel of sitting governors for approval despite the fact that Governors Riley and Campbell took at least 15 foreign trips for economic development purposes during that time period. In fact, documentation from the Board's minutes shows that foreign travel by governors did not require Board approval. (See Attachment 1). This document contains a request from the March 8, 1988 Board meeting from the Director of the State Development Board, which is the predecessor agency of the Department of Commerce, for Board approval of an economic development mission to London for Governor Campbell and other State Development Board executives and a request for Board approval of Governor's Office employees to accompany Governor Campbell on the same mission. The request for approval of the Governor's travel is marked out and contains a handwritten note stating that "Budget and Control Board approval is required for State employees *other than Constitutional Officers*." [Emphasis added.] The minutes from the Board meeting show that the Board approved the travel request of State Development Board and the Governor's Office; however, the minutes show that the Board did not consider the foreign travel of Governor Campbell.

If the Board considered a governor to be a state employee subject to the travel regulations, then its approval would be necessary for all foreign travel. The Board's failure to subject a governor to the prior approval requirement makes it clear that the Board did not consider the governor to be a "state employee" under the travel regulations. Therefore, even if the Commission believes it has the power to investigate matters outside the scope of its jurisdictional authority, the Commission should follow the Board's interpretation of its own regulations and rule that there has been no violation of the travel regulations since they do not apply to the governor under S.C. Code Reg. § 19-101.01. See *Brownlee v. South Carolina Dept. of Health and Environmental Control*, 382 S.C. 129, 136, 676 S.E.2d 116, 120 (2009) ("Courts defer to the relevant administrative agency's decisions with respect to its own regulations unless there is a compelling reason to differ.").

³ In 1992, the Budget & Control Board amended § 19-101.17 to eliminate the requirement of prior Board approval and to require instead that all foreign travel be reported annually at the end of the fiscal year. Also, the Board, upon motion of Gov. Carroll Campbell, exempted foreign travel related to economic development from the reporting requirement. (See attached Budget & Control Board Minutes at Exhibit __). This is significant because it is further evidence that the Board and its members have traditionally recognized the unique exigencies arising from foreign travel for economic development purposes.

2. *Provide the cite for your authority to fly business class rather than coach.*

RESPONSE:

Both Questions 2 and 5 suggest that the Governor's Office's "comments to the media and in correspondence" regarding the travel regulations were limited to the exigent circumstances exception in S.C. Code Reg. § 19-101.03. In fact, comments and correspondence have also included the legal analysis of travel regulations which we have provided in response to Question 1. (The related correspondence is attached as Attachment 2.)⁴

Even if the Commission rejects arguments set forth in response to Question 1, the Department of Commerce has explained that its purchase of business class tickets on behalf of the Governor complied with S.C. Reg. 19-101.03 which provides "[t]ravel by commercial airlines will be accomplished in coach or tourist class, except where *exigencies require otherwise*." (Emphasis added.) Specifically, the Department issued a statement with regard to overseas economic development trips, stating:

"[W]e always assumed our practices were congruent with the *exigent clause* in the comptroller's policy due to the fact that international flights are lengthy (over-night flights are common), schedules once on the ground are demanding and often highly confidential information is reviewed during these flights in preparation for recruitment meetings with company CEOs and other executives." (Emphasis added.)

The Department's statement explains its long-standing practice with regard to all overseas economic development trips for governors. Accordingly, this explanation applies to all overseas flights listed in your letter.

We are including an August 26, 2009 letter⁵ prepared by the Governor's Office to Senator David Thomas that explains the Department of Commerce's long-standing practice of purchasing business class and, in some cases, first class tickets for overseas economic development flights. (See Attachment 3).

The Department of Commerce's practice of purchasing business class flights due to the exigencies surrounding foreign economic development trips has also been approved by the Comptroller General, who drafted the regulations in question. This conclusion is based on the attached letter from June 16, 1987, which shows that then Comptroller General Earle E. Morris, Jr. authorized the State Development Board to purchase business class seats for foreign travel. (See Attachment 4).

⁴ The letter of August 12, 2009 included in Attachment 2 is responsive to your request for the letter from Ms. Patel to Senator Thomas of that same date.

⁵ Due to the large volume of documents included in the attachments to the August 26, 2009 letter included in Attachment 3, we are providing those documents to you electronically under separate cover.

In the letter, State Development Board Director Mac Holladay wrote Comptroller General Morris “to address effectiveness over efficiency in flight travel” after the Development Board’s trips with Governor Carroll Campbell to London and Munich. Mr. Holladay wrote:

Neither the Chairman of the Development Board nor I have the luxury of building in recuperation time when flying long distances, especially if we are accompanying the Governor as was the plan on our recent trip to Europe. Therefore, we must arrive ready to conduct business in most cases on the next day. In order to dilute the negative affects [sic] of long distance travel as much as possible, **we need to be able to rest while traveling which means booking at least business class seats.** (Emphasis added.)

The letter, which requests approval for business class seats, is marked “approved by Mr. Morris” on June 22, 1987.⁶

The Comptroller General’s authorization of the Development Board’s business class travel is significant because the Comptroller General’s Office drafted the regulations regarding foreign travel that were approved by the Budget and Control Board, as indicated by the attached minutes from the August 19, 1981 Budget and Control Board meeting (See Attachment 4) and oversees state agency compliance with state travel regulations. The Comptroller General’s Office expressly authorized business class travel for the State Development Board, and by virtue of S.C. Code Ann. § 13-1-10(B)⁷, this authorization was transferred to the Department of Commerce. Accordingly, the Comptroller General’s interpretation of its own travel regulations proves that Commerce has the authority to purchase business class seats for foreign travel under the travel regulations because of the exigencies involved in foreign economic development missions.

3. *Who arranged for the purchase of business class tickets for the listed flights?*

RESPONSE:

The South Carolina Department of Commerce arranged for the purchase of business class tickets for the flights listed in the attachment to your letter of September 25th.

⁶ Significantly, the letter from Mr. Holladay implicitly acknowledges that governors already flew business class and did not need approval. Furthermore, although the issue of the governor flying business class is not expressly addressed in the letter, it would be an absurd result for the Comptroller General to allow agency executives to fly business class while prohibiting the governor from flying in the same manner. Accordingly, the letter from Mr. Holladay reaffirms our argument that the travel regulations do not apply to constitutional officers like the governor.

⁷ S.C. Code Ann. § 13-1-10 (B) provides that “[a]ll functions, powers, and duties provided by law to the State Development Board, the Savannah Valley Authority, the South Carolina Aeronautics Commission, the South Carolina Public Railways Commission, and the Coordinating Council for Economic Development, its officers or agencies, are hereby transferred to the Department of Commerce together with all records, property, personnel, and unexpended appropriations. All rules, regulations, standards, orders, or other actions of these entities shall remain in effect unless specifically changed or voided by the department in accordance with the Administrative Procedures Act.”

4. *Did any employee of the Governor's Office participate in any purchase of any tickets for any overseas flights? If so, provide the employee's name and telephone number.*

RESPONSE:

The Department of Commerce was solely responsible for the purchase of tickets for overseas flights taken by the Governor for official business. Of course, as a practical matter, employees of the Governor's Office provided scheduling information to Commerce personnel for their use in purchasing such tickets, but they did not participate in the purchase of the tickets.

5. *If, as you have suggested in comments to the media and in correspondence, you claim exigencies which warranted the purchase of business class tickets, provide the specific exigent circumstance which existed for each flight.*

RESPONSE:

See Response to Question 2.

Conclusion

We would like to reiterate our previous requests for information regarding your investigation. In our meeting on September 8, 2009, it was made clear that communication and the provision of information during the investigatory process would be a two-way street. However, the Commission has not provided us with any information regarding its investigation. Therefore, in order to ensure the fairness of this process, we respectfully request that you reconsider your decision to refuse to execute and accept service of our subpoenas and to ignore our written requests for information.

Yours very truly,



Karl S. Bowers, Jr.

Encl.

ATTACHMENT 1

EXHIBIT

MAR 8 1988

NO. 44

STATE BUDGET AND CONTROL BOARD
MEETING OF March 8, 1988

STATE BUDGET & CONTROL BOARD

REGULAR SESSION
ITEM NUMBER

31

AGENCY: Executive Director

SUBJECT: Foreign Travel

- A. University of South Carolina advises that the College of Applied Professional Sciences has been awarded a contract by the Commonwealth of the Bahamas, under funding by the World Bank, to conduct a study of tourism in the Bahamas. The study will require extensive travel during the February 1 - July 30, 1988, period by the following USC faculty members: Mel Barrington, Ernest Boger, Mark Bonn, Ed Cook, Richard Easley, Ronald R. Ingle, Paul Rompf, Al Scroggins, Sandy Strick, and Tom Van Dyke. All travel will be funded under the contract and no State funds are involved. USC asks for blanket approval for travel during the period indicated by the individuals named for the stated purpose.
- B. Clemson University requests approval of the travel of Milton B. Wise, Vice President for Agriculture and Natural Resources to Japan and China during the March 18-31, 1988, period to coordinate with Japanese University the potential development of a cooperative program; to review cooperative agreements with Beijing Forestry University; and to initiate cooperative agreements with Nanjing Forestry University. The estimated cost of this travel is \$2,000 and will be paid from State-appropriated funds.
- C. The State Development Board requests approval for the travel of Mr. J. Mac Holladay and Dr. James A. Kuhlman to London, England, during the March 15-19, 1988, period. The cost of this travel is estimated at \$2,500 per person and will be paid from State funds.
- D. The State Board for Technical and Comprehensive Education requests approval of the travel of Dr. James R. Morris, Jr., to London, England, during the March 15-19, 1988, period to accompany Governor Campbell on a trade mission. The estimated cost of the travel is \$2,800 and will be paid from State funds.
- E. The Governor's Office requests approval of the travel of Harry Miley, Warren Tompkins and Tucker Eskew to London, England during the March 15-19, 1988, period to accompany Governor Campbell on a trade mission. The estimated cost of the travel is \$2,500 per person and will be paid from State funds.

BOARD ACTION REQUESTED:

Grant blanket approval of the USC request in A and approve requests in B, C, D and E by Clemson, the Development Board, TEC and the Governor's Office, respectively.

ATTACHMENTS:

- (a) Denton February 4 letter to McInnis; (b) Maxwell memo to McInnis;
(c) Holladay March 1 letter to Coles; (d) Shealy March 1 letter to McInnis;
(e) Kester March 2 letter to McInnis

13673



SOUTH CAROLINA
STATE DEVELOPMENT BOARD

RECEIVED

MAR - 1 1988

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

March 1, 1988

J. Mac Holladay
Director

EXHIBIT

MAR 8 1988 NO. 44

STATE BUDGET & CONTROL BOARD

Dr. Jesse A. Coles, Jr.
Executive Director
Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Dear Dr. Coles:

Budget and Control Board approval is requested for international travel associated with an investment mission to London departing Tuesday, March 15 and returning Saturday, March 19, 1988.

The source of funds will be taken out of the State Development Board's budget for the following state employees:

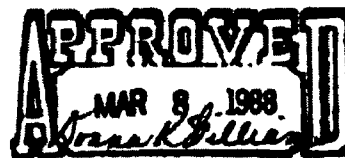
* ~~Governor Carroll A. Campbell, Jr.~~
~~Mr. Richard B. Greer - Chairman, Development Board~~
Mr. J. Mac Holladay - Director, Development Board
Dr. James A. Kuhlman - Assoc. Director, Development Board

The purpose of this mission is to attract foreign investment prospects to South Carolina. The estimated budget cost for this mission will be approximately \$2,500.00 per person.

Kindest Regards,

J Mac Holladay
J. Mac Holladay

JMH/dgh



STATE BUDGET AND
CONTROL BOARD

* Budget and Control Board approval
is required for State employees
other than Constitutional officers.
J Mac Holladay

13676

e

MAR - 2 1988

EXHIBIT

MAR 8 1988 NO. 44

STATE BUDGET & CONTROL BOARD

State of South Carolina Office of the Governor

CARROLL A. CAMPBELL JR.
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

March 2, 1988

Mr. William A. McInnis
Deputy Executive Director
601 Wade Hampton Office Building
Columbia, South Carolina 29201

Dear Mr. McInnis:

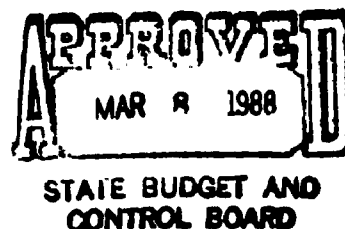
Governor Campbell has requested that Harry Miley, Warren Tompkins and Tucker Eskew of the Governor's staff accompany him on an economic development trip to London, England. The proposed departure date is March 15, and the return date is March 19. The estimated cost per person is \$2500.00 and 100% state funds.

Your approval of this trip is requested. If you desire more information, please contact me at 4-0432.

Thank you for your assistance in this matter.


Tony Kester
Controller

TK/mw



13678

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Regular Session — March 8, 1988 — Page 50**

Information relating to this matter has been retained in these files and is identified as Exhibit 42.

Mental Health; Mental Retardation: Moving Expenses (Regular #30)

In accord with Code Section 8-11-135, the Department of Mental Health requested approval of the payment of not to exceed \$5,000 to John E. Carlton, M.D., as a reimbursement for the costs incurred in moving personal and household effects from Chattanooga, Tennessee to Columbia.

The Department advised that Dr. Carlton has interviewed for the position of Teaching Child Psychiatrist III at the William S. Hall Psychiatric Institute and has expressed an interest in accepting the position.

In accord with Code Section 8-11-135, the Department of Mental Retardation requested approval of the payment of \$1,024 to Mr. Marcus Hewitt, Occupational Therapist, as a reimbursement for the costs incurred in moving personal and household effects from Lansing, Michigan to Clinton.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board, acting in accord with Code Section, 8-11-135, authorized the Department of Mental Health to pay not to exceed \$5,000 to John E. Carlton, M.D., as a reimbursement for the costs incurred in moving personal and household effects from Chattanooga, Tennessee to Columbia, on the condition that he accepted the position; and (b) the Department of Mental Retardation to pay \$1,024 to Marcus Hewitt as a reimbursement for the costs incurred in moving personal and household effects from Lansing, Michigan to Clinton.

Information relating to this matter has been retained in these files and is identified as Exhibit 43.

Executive Director: Foreign Travel (Regular #31)

University of South Carolina advised that the College of Applied Professional Sciences has been awarded a contract by the Commonwealth of the Bahamas, under funding by the World Bank, to conduct a study of tourism in the Bahamas. The study will require extensive travel during the February 1 - June 30, 1988, period by the following USC faculty members: Mel Barrington, Ernie

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Regular Session — March 8, 1988 — Page 51

Boger, Mark Bonn, Ed Cook, Richard Easley, Ronald R. Ingle, Paul Rompf, Al Scroggins, Sandy Strick, and Tom Van Dyke. All travel will be funded under the contract and no State funds are involved. USC asked for blanket approval for travel during the period indicated by the individuals named for the stated purpose.

Clemson University requested approval of the travel of Milton B. Wise, Vice President for Agriculture and Natural Resources to Japan and China during the March 18-31, 1988, period to coordinate with Japanese University the potential development of a cooperative program; to review cooperative agreements with Beijing Forestry University; and to initiate cooperative agreements with Nanjing Forestry University. The estimated cost of this travel is \$2,000 and will be paid from State-appropriated funds.

The State Development Board requested approval for the travel of Mr. J. Mac Holladay and Dr. James A. Kuhlman to London, England, during the March 15-19, 1988, period. The cost of this travel is estimated at \$2,500 per person and will be paid from State funds.

The State Board for Technical and Comprehensive Education requested approval of the travel of Dr. James R. Morris, Jr., to London, England, during the March 15-19, 1988, period to accompany Governor Campbell on a trade mission. The estimated cost of the travel is \$2,800 and will be paid from State funds.

The Governor's Office requested approval of the travel of Harry Miley, Warren Tompkins and Tucker Eskew to London, England during the March 15-19, 1988, period to accompany Governor Campbell on a trade mission. The estimated cost of the travel is \$2,500 per person and will be paid from State funds.

Upon a motion by Mr. Morris, seconded by Senator Waddell, the Board (a) granted blanket approval of the referenced USC College of Applied Professional Sciences staff travel to the Bahamas during the February 1 - July 30, 1988, period for the purpose indicated with the costs to be funded under a contract with the Commonwealth of the Bahamas; (b) approved the travel of Clemson University Vice President for Agriculture and Natural Resources Milton B. Wise to Japan and China during the March 18-31, 1988, period at an estimated cost

Minutes of State Budget and Control Board Meeting
Regular Session — March 8, 1988 — Page 52

of \$2,000 to be paid from State funds; (c) approved the travel of State Development Board staff members Mac Holladay and James Kuhlman to London, England during the March 15-19, 1988 period at an estimated cost of \$2,500 per person to be paid from State funds; (d) approved the travel of TEC Executive Director James R. Morris, Jr., to London, England during the March 15-19, 1988, period at an estimated cost of \$2,800 to be paid from State funds; and (e) approved the travel of Governor's Office staff members Harry Miley, Warren Tompkins and Tucker Eskew to London, England during the March 15-19, 1988, period at an estimated cost of \$2,500 per person to be paid from State funds.

Information relating to this matter has been retained in these files and is identified as Exhibit 44.

Human Resource Management: Revisions to State Personnel Regs (R#32)

The Division of Human Resource Management advised that, on January 12, the Board approved for publication in the State Register proposed revisions to State Personnel Regulations 19-700 and 19-708.06.

Those regulations were published in the January 22 issue of the Register. No recommendations for changes were received by the Division. A public hearing was held on February 22; no one appeared at the hearing.

The Division requested Board authorization to submit the proposed regulations to the General Assembly.

Upon a motion by Senator Waddell, seconded by Mr. Morris, the Board approved for submission to the General Assembly State Personnel Regulations 19-700 and 19-708.06.

Information relating to this matter has been retained in these files and is identified as Exhibit 45.

Future Meeting

The Board agreed to hold a regular meeting at 9:30 a.m. on March 22, 1988, in the Governor's conference room in the State House.

ATTACHMENT 2



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE Box 12267
COLUMBIA 29211

August 12, 2009

VIA HAND DELIVERY

The Honorable David L. Thomas
410 Gressette Building
Columbia, South Carolina 29201

Dear Senator Thomas:

This letter is written in response to your recent public allegations that certain flights taken by Governor Sanford violated the law. While you did not afford the Governor's Office an opportunity to be heard on these allegations, we are taking it upon ourselves to provide you with further information that I think would have been helpful for you to consider before making definitive conclusions regarding serious allegations of unlawfulness.

Before explaining that information, our Office would like to convey how disappointed and disturbed we are that you would make these public allegations without presenting your charges to us and then giving our Office and the Governor an opportunity to be heard – a basic concept of due process and fundamental fairness. As our own State Supreme Court has stated, "The fundamental requirement of due process is the opportunity to be heard at a meaningful time and in a meaningful manner." *S.C. Dept. of Social Servs. v. Beeks*, 325 S.C. 243, 246, 481 S.E.2d 703, 705 (1997). We feel that you have deprived us of this opportunity by failing to ask our Office anything about the two flights that you cited in your letter to Senators Leatherman and McConnell. While it is true that you have requested information from this Office, that information is completely unrelated to the charges you made.

We believe that if you had attempted to contact our office and given us an opportunity to review the information on which you based your conclusions and allowed us to respond – which is the typical process for an investigation of this nature – you would have reached a different conclusion. We are providing you with information that we believe will show that your allegations are unsubstantiated. Again, I will emphasize that our Office was not presented with any specific charges; therefore, our response below is based on a letter that we found via the internet that you sent to Senators Leatherman and McConnell. We do not have copies of the exhibits or other documents you noted in this letter.

1. You allege that the Governor "made" the flights to London and China that are allegedly unlawful, and later you allege that the Governor "chose" his seats. As you know, these two trips were economic development trips organized and paid for by the Department of Commerce, not the Governor. In fact, the Department of Commerce has responded to inquiries related to its purchase of business-class tickets on behalf of the Governor explaining that the agency feels it has complied with travel regulations when purchasing these tickets. Specifically, Commerce issued a statement with regard to overseas economic development trips for the Governor stating:

"[W]e always assumed our practices were congruent with the exigent clause in the comptroller's policy due to the fact that international flights are lengthy (over-night flights are common), schedules once on the ground are demanding and often highly confidential information is reviewed during these flights in preparation for recruitment meetings with company CEOs and other executives."

Given these facts, we feel you should have allowed both our Office and the Department of Commerce to sit down with you to get a better understanding of how the travel arrangements for these types of economic development trips are made before you concluded that the Governor "made" or "chose" flights that violated the law.

2. You allege that the Governor flew to London via "Envoy/Business (first class for overseas flights) class" and to China at a cost that exceeded the cost of the most economical flights available which you conclude violates the South Carolina Code of Regulations. First, records that we have obtained from the Department of Commerce and Forest Lake Travel Agency, which booked the two tickets, show that Commerce purchased and the travel agency booked business class tickets, not first class which you allege is the same as "Envoy/Business." The tickets and booking documents show symbols which reference the type of class for an airline ticket. Business class tickets are notated with the letters "C", "D", or "J". First class tickets are notated with the letters "A" or "F". The documents we received for the London and China trips only show references to "D" – Business Class Discounted or "Y" – Coach Economy. We have attached the booking records for your review. Upon information and belief, in many cases an overseas flight will have many legs on several different airlines and if an airline does not have business class seating it will provide a "business-class equivalent" which may be a first class seat; however, the ticket that is purchased is a business class ticket. Therefore, we believe the booking records show that "Envoy/Business" is not first-class.

Again, we are disappointed that our Office and Commerce were not afforded the opportunity to discuss your interpretation of S.C. Reg. 19-101 before you reached your conclusion. The two regulations in question are: (1) S.C. Reg. 19-101.02 which provides, "Transportation to and from points of arrival and departure will be accomplished by the most economical methods;" and (2) S.C. Reg. 19-101.03 which provides "Travel by commercial airlines will be accomplished in coach or tourist class, *except where exigencies require otherwise.*" (Emphasis added.)

As the Department of Commerce has explained, it believes that the regulation provides them with the discretion to book business class tickets for overseas economic development trips. The agency reached this determination through its own analysis of what is needed to be most effective in luring new business to the state based on its experience. We believe it is entirely

reasonable to conclude, as Commerce officials did, that the state is best served when its economic development representatives are not exhausted from their travel arrangements, and we defer to Commerce's expertise and experience in these matters. Regardless, we have serious doubts whether the obscure travel regulation on which your allegations rely remains valid. As you may know, the Budget and Control Board promulgated this regulation nearly thirty years ago under the authorization of a temporary proviso in an appropriations act. The fact that the authorizing proviso was only temporary creates uncertainty whether the Board had the authority to promulgate a permanent regulation because the Administrative Procedures Act requires that an agency have "statutory authority for promulgating the regulation." S.C. Code Ann. § 1-23-110; see also, *State ex rel. McLeod v. Mills*, 180 SC. 21, 27, 180 S.E.2d 638, 641 (1971) (stating that appropriations act are temporary in duration). The Board appears to have no independent statutory authority to promulgate travel regulations, and, therefore, we believe that S.C. Code of Regulations 19-101 is likely invalid.

This opinion is supported by long-established agency practices at both the Budget and Control Board and the Department of Commerce. Upon information and belief, the Department of Commerce has a long-standing practice of purchasing business class tickets for overseas travel for Governors and Commerce Secretaries and executives in previous administrations. Moreover, the Budget and Control Board does not appear to enforce the regulation any longer. For example, to our knowledge the Board no longer enforces S.C. Code of Regulation 19-101.17, which requires state employees to obtain "prior approval of the Budget and Control Board" for "[a]ny foreign travel." The Board's failure to perform this function may indicate that it no longer believes the regulation is valid or that it has waived its authority to enforce it. In any case, before you reach the conclusion that the regulation has been violated by the Governor's travel, we believe it is necessary to look at how this regulation has been applied to other agencies and interpreted by the Board before it is selectively enforced against our Office and the Department of Commerce. While you have publicly stated that you are only investigating Governor Sanford and not other governors, your interpretation of the travel regulation is inadequate without considering how the Board has interpreted this regulation and applied it to previous administrations and other agencies and branches of government. See *Brownlee v. South Carolina Dept. of Health and Environmental Control*, 382 S.C. 129, 136, 676 S.E.2d 116, 120 (2009) ("Courts defer to the relevant administrative agency's decisions with respect to its own regulations unless there is a compelling reason to differ.")

Despite our objections noted above, we remain willing to work with your subcommittee upon a showing of good faith and a commitment to fairness. We all have an interest in seeing the truth come to light, and that will only be achieved when all parties are provided an opportunity to be heard.

Sincerely,



Swati Patel
Chief Legal Counsel

Attachments



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE Box 12267
COLUMBIA 29211

August 18, 2009

The Honorable David L. Thomas
410 Gressette Building
Columbia, South Carolina 29201

Dear Senator Thomas:

I am writing in response to your August 17, 2009, letter to Scott English in which you replied to my letter of August 12, 2009.

Before I respond to the requests in your recent letter I would like to re-emphasize that the Governor's Office has been willing to work with you and your subcommittee to understand your concerns and allow the Department of Commerce and the Governor's Office to respond in a fair and reasonable forum. Unfortunately, your letter does not respond to the materials we have provided, except for the additional information you are now requesting, and that your conclusions still stand. Additionally, we understand that there have been calls for Ethics Commission investigations into some of the Governor's travel arrangements. Accordingly, we offer the following response to your letter.

With regard to your first request for "[d]ocumentation of all legal communications on the validity of travel Regulation 19-101 and an explanation why the Governor's Office thinks this regulation is invalid," we believe that the information you requested is protected by the attorney work-product privilege. As you know, there have been calls for Ethics Commission and criminal investigations into some of the Governor's travel arrangements, and the disclosure of our legal work-product to your subcommittee could constitute a waiver of the privilege, which could unfairly diminish the efficacy of the Governor's Office's legal defense in the event that such investigations come to fruition. Therefore, we cannot comply with this request, but we do feel that our previous letter sets forth a sufficient summary of why we have doubts over the regulation's validity.

With regard to your request for "[o]ther provisos, code sections or laws that the Governor's Office is not abiding by that has [sic] been deemed invalid" we cannot respond to this request because we reject the assumption your request makes. This request is premised on a finding of fact without a fair hearing. As we explained in our previous letter, we believe your conclusion

The Honorable David L. Thomas
Page Two
August 18, 2009

that the Governor violated travel regulations is incorrect and we provided documentation to show that your allegations were unsubstantiated. We also asked that you afford our office and Commerce an opportunity to be heard before making conclusions that the Governor violated the law. We cannot validate your conclusion by recognizing the legitimacy of this request. However, if you have questions regarding the Governor's Office compliance with specific laws, we'll be glad to try to answer them to the extent that we can.

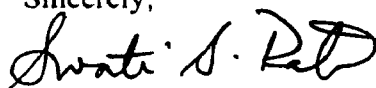
With regard to your statements that the Governor's Office "mentioned . . . that other administrations have ignored the travel regulation and by extension the current administration has done the same" and "that other administrations have violated regulations or provisos," we believe these statements are a gross misrepresentation of our previous letter to you. We ask you to review the letter we sent you, and if you do, you will see that we never accused other administrations of "ignoring" or "violating" the travel regulations. Rather, we stated that upon information and belief the Department of Commerce and other administrations have interpreted the travel regulation differently than you interpret it and that in order for your review to be thorough you should consider other agencies', past administrations' and the Budget and Control Board's practice of applying this regulation before you summarily conclude that unlawfulness has occurred.

Nevertheless, we stand by our belief that it has been a long-standing practice at the Department of Commerce to have state economic development representatives fly business class on overseas economic development missions and that this practice has been allowed by the Budget and Control Board, which, as you know, promulgated the travel regulation which you allege has been violated. We are currently in the process of gathering the supporting data and will provide it to you as soon as our review is complete.

In response to your final request, we are unaware of any comments made by Governor Sanford "that his administration has flown seventy to eighty percent less than any other administrations" as you allege in your letter. Please provide the specific comments to which you are referring, and we will respond accordingly. However, we cannot provide context and supporting data until we have confirmation that Governor Sanford actually made the comments that you allege.

Finally, we continue to be disappointed that the Governor has not been provided a fair and reasonable opportunity to be heard, as evidenced by the inaccuracies and your request to produce information within 24 hours. We are sincere about providing you with information that will help shine light on the Governor's travel arrangements, but we hope that you will be more reasonable, accommodating, and fair as we move forward. In the future, I again ask that you direct all further inquiries to myself or Deputy Counsel, Brandon Gaskins.

Sincerely,

A handwritten signature in black ink, appearing to read "Swati S. Patel". The signature is fluid and cursive, with the first name "Swati" being the most prominent.

Swati S. Patel
Chief Legal Counsel

ATTACHMENT 3



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE Box 12267
COLUMBIA 29211

August 26, 2009

The Honorable David L. Thomas
410 Gressette Building
Columbia, South Carolina 29201

Dear Senator Thomas:

In response to your letter of August 19, 2009 the Governor's Office is providing you with information and supporting documents that will illustrate that previous governors, the Department of Commerce, other agencies, and legislators have long-standing practices of purchasing business class airfare for foreign travel, and in some cases, domestic travel. This information strongly supports our view that Governor Sanford and the Department of Commerce during his administration have complied with the applicable travel laws and regulations because the consistent interpretation and application of them by different agencies for over three decades is directly relevant to interpreting those laws and regulations. As our Supreme Court has stated, "Where an administrative agency has consistently applied a statute in a particular manner, its construction should not be overturned absent cogent reasons." *Gilstrap v. South Carolina Budget & Control Bd.*, 310 S.C. 210, 215, 423 S.E.2d 101, 104 (1992); *see also, Stuckey v. State Budget & Control Bd.*, 339 S.C. 397, 401, 529 S.E.2d 706, 708 (2000) ("In construing an ambiguous statute, we give great deference to the government agency's consistent application of the statute.")

Moreover, the information we are providing will show that legislators have acquiesced to the consistent application of these travel laws and regulations. In fact, in some cases it appears that legislators either participated in or knowingly approved of the travel practices that are now being questioned under this administration. We raise this point because it is a well-established principle of statutory construction that the legislature's acceptance of the consistent application of the laws and regulations should be given "great weight" in interpreting such laws and regulations. *Stone Mfg. Co v. South Carolina Employment Sec. Com'n*, 219 S.C. 239, 64 S.E.2d 644, 648 (1951) ("the construction of a statute by the officials charged with its administration, which has been acquiesced in by the Legislature for a long period of time, should be given great weight"), *Marchant v. Hamilton*, 279 S.C. 497, 500, 309 S.E.2d 781, 783 (Ct.App. 1983) ("Administrative interpretations of statutes, consistently followed by the agencies charged with their administration and not expressly changed by Congress, are entitled to great weight.")¹

¹ We offer the above recitations of law out of concern that your public statements have inaccurately stated the applicable legal principles relevant to your investigation. For example, a recent news story reported that you likened

Accordingly, we are providing you documentation and analysis we have collected about the past application and interpretation of the travel laws and regulation (See enclosed information). A summary of this information is provided below.

Additionally, in response to your request for "documentation that will authenticate" the flight hours flown by previous governors, we received this information from the Aeronautics Division which keeps quarterly records of all flight hours flown by all public officials. We have enclosed the Aeronautics records that are available for Governors Campbell (second term), Beasley (full term), and Hodges (quarterly statements for full term). Governor Sanford's quarterly statements for his full term thus far are also available from the Aeronautics Division which we can provide at your request.

First Class/Business Class Travel

- Spreadsheet indicating all foreign air travel expenses over \$2,000 by the Department of Commerce or its predecessor, the State Development Board, under previous Governors since 1984. We believe the high costs of these travel expenses in combination with inflationary factors indicate that the Department of Commerce purchased either business class or first class tickets on at least 230 occasions. Moreover, Commerce bought foreign airfare over \$3,000 on more than 160 occasions; over \$4000 on more than 100 occasions; over \$5,000 on more than 80 occasions; and over \$6,000 on 50 occasions. This spreadsheet was derived from travel records supplied by the Comptroller General's office, which we have attached as an electronic file on a compact disc. The spreadsheet cross-references the page number of the Comptroller General's travel report from which the travel information was taken. The travel code for foreign air travel is 0523. (See Exhibits A & B)
- Spreadsheet of all air travel expenses paid by the Department of Commerce or its predecessor, the State Development Board, on behalf of Governors Riley, Campbell, Beasley, and Hodges. This spreadsheet is also derived from the attached travel records supplied by the Comptroller General's Office. (See Exhibit C)
- A letter from the Department of Commerce's legal counsel responding to a request for documents related to Governor Hodges's European Trade Mission from June 12-22, 1999. The letter indicates that the individuals in attendance were Governor & Mrs. Hodges; Senator & Mrs. John Land; Mr. & Mrs. Charles Way; Eleanor Savage (Gov. Hodges's security); Warren Bacote (Gov. Hodges's security); Harold Gregory (Gov. Hodges's security); Wayne Sterling (Commerce staff); Beth Braswell (Commerce staff); Frank Newman (Commerce staff); Will Lacey (Commerce staff); Vic Robertson (Commerce staff); and Hugh Owens (Commerce staff). The Comptroller General's travel records indicate that the Department of Commerce purchased foreign air travel for this trip as follows:

our Office's argument regarding the Budget & Control Board's past application of the travel regulation to a speeding driver that is finally ticketed by stating, "Suppose you've been driving 70 mph down a 45 mph stretch and getting away with it for years. You can't say the city of Columbia waived the law because it failed to enforce it before. That's how ludicrous the argument is." However, the South Carolina Supreme Court has expressly declared that the "failure of an administrative agency to exercise a power it claims to possess is a significant factor in determining whether the power was actually conferred." *Gilstrap v. South Carolina Budget & Control Bd.*, 310 S.C. 210, 215, 423 S.E.2d 101, 104 (1992). Accordingly, the Board's history of enforcing and applying its travel regulations is relevant to the inquiry of whether the Board actually has such regulatory authority over the travel of state officials

- Way - \$6,668.86;
- Savage - \$6,684.86
- Bacote - \$6,684.86 x 2 tickets
- Gregory - \$6,684.86
- Sterling - \$6,994.80
- Braswell - \$6,684.86 x 2 tickets
- Lacey - \$6,196.13
- Newman - \$6,772.43
- Owens - \$6,409.44

The total cost of the mission was \$98,391. Although there are no invoices for these purchases, the cost of the air travel for this mission suggest that the tickets included either first class or business class seating. Moreover, this would have been consistent with Department of Commerce practice, as evidenced by the several invoices showing that Commerce purchased first class and business class seats for Charles Way and Wayne Sterling during the Hodges administration.

Also, according to the Department of Commerce letter, "Sen. Land's airfare was funded through the Senate Clerk's Office." Presumably, Sen. Land and his wife traveled with the rest of the delegation and would have sat in first and/or business class seats. The Senate Clerk's Office should have records regarding these travel arrangements. (See Exhibit D)

- Itinerary of Governor Hodges's Investment and Trade Mission to Europe from June 24-30 2000. The itinerary notes that Governor Hodges departed June 30 from Charles de Gualle Airport on June 30 at 11 a.m. (or 5 a.m. eastern standard time) on an Air France flight and arrived at JFK Airport in New York at 8:45 a.m., indicating that the flight lasted 3 hours and 45 minutes. The Comptroller General's travel records indicate that the Department of Commerce posted the purchase of foreign air travel for Gov. Hodges on July 11, 2000 of \$4,311.53. Based on the flight time and the purchase price, it is safe to assume that Gov. Hodges returned from his mission on an Air France Concorde. (See Exhibit E)
- Itinerary of Governor Beasley's European Mission from March 11-22, 1996. The itinerary indicates that the delegation flew either first or business class as it notes that "Delta First Class and Business Class Lounges are available for use if time permits." The Comptroller General's travel records indicate the cost of Governor Beasley's airfare was \$8,358.59. (See Exhibit F)
- Itinerary and accompanying documents from Governor Campbell's trade mission to Japan and South Korea in September and October 1989. The Group Travel Registration Form for this mission, which was completed by Governor Campbell's Senior Legal Counsel Mark Elam, states that the "cost of the entire round trip ticket to Tokyo and Seoul is \$2,903.00. This is the business class fare on the particular days of travel." (See Exhibit G)
- An interoffice memorandum from Vic Robertson to Debbie Bass written on September 23, 1991 regarding Governor Campbell's Asian Trade Mission. The memo states, "The Chairman [of the State Development Board] and Mrs. Warren have been upgraded to First Class from Columbia to Atlanta, and from Portland to Tokyo. We are still on standby for upgrade from Atlanta to Portland. The same is true for the Campbells." The information and

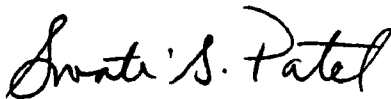
instructions for this mission, which is also attached, indicate that Commerce initially purchased business class tickets for this flight. (See Exhibit H)

- Letter showing the Budget & Control Board approved the foreign travel of Wayne Sterling and Victor Robertson of the State Development Board in advance of Governor Campbell's Asian Trade Mission in September 1991. This indicates that the Board had a practice of reviewing foreign travel for approval at the time, and presumably approved the first class/business class purchased by the State Development Board/Department of Commerce during the Campbell administration. (See Exhibit I)
- Invoice of air travel purchased by the Department of Commerce for Charles Way, Commerce Secretary under Gov. Hodges, for an economic development mission to Asia in September and October 1999. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$5,972.87. (See Exhibit J)
- Invoice of air travel purchased for Way by the Department of Commerce for an economic development mission to Europe in January and February 2000. The invoice indicates that the air tickets included first class and business class seats. (See Exhibit K)
- Invoice of air travel purchased for Way by the Department of Commerce, for an economic development mission to Asia in July 2000. The invoice indicates that the air tickets included first class and business class seats. (See Exhibit L)
- Invoice of air travel purchased for Wayne Sterling, a Department of Commerce employee, for an economic development mission to Japan and South Korea in September and October of 1999. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$6,328.42. Senator Nikki Setzler was also on this trade mission, and the Comptroller General's records indicate that Sen. Setzler's ticket cost \$6,177.33, which suggests Sen. Setzler also flew first class and business class. (See Exhibit M)
- Invoice of air travel purchased for Sterling by the Department of Commerce for an economic development mission to Europe and Asia in July 2000. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$6,343.73. (See Exhibit N)
- Invoice of air travel purchased for Sterling by the Department of Commerce for an economic development mission to Europe in June 2001. The invoice indicates that the air tickets included business class seats, which cost Commerce a total of \$6,385.00. (See Exhibit O)
- A boarding pass for Wayne Sterling for first class flights from Chicago to Atlanta and from Atlanta to Columbia on Delta Airlines on June 29, 2001. (See Exhibit P)
- Invoice of air travel purchased for Sterling by the Department of Commerce for an economic development mission to Europe in September 2001. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$6,641.05. (See Exhibit Q)

- Invoice of air travel purchased for Sterling by the Department of Commerce for an economic development mission to China in March 2000. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$5,208.80. (See Exhibit R)
- Invoice of air travel purchased for Dr. James Morris by the Department of Commerce for an economic development mission to Europe in November 2001. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$6,364.30. (See Exhibit S)
- Invoices of air travel purchased for Douglas McKay and Patrick O'Shea by the Department of Commerce for an economic development mission to South Korea in September 2001. The invoice indicates that the air tickets included first class and business class seats. (See Exhibit T)
- Invoice of air travel purchased for Sterling by the Department of Commerce for an economic development mission to Europe in August 1999. The invoice indicates that the air tickets included first class and business class seats, which cost Commerce a total of \$6,191.66. (See Exhibit U)

Please let me know if you have any questions regarding this information.

Sincerely,

A handwritten signature in black ink that reads "Swati S. Patel". The signature is written in a cursive, flowing style.

Swati S. Patel
Chief Legal Counsel

ATTACHMENT 4.



State of South Carolina
Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE Box 12267
COLUMBIA 29211

September 1, 2009

The Honorable David L. Thomas
410 Gressette Building
Columbia, South Carolina 29201

Dear Senator Thomas:

As a follow up to my letter of August 26, 2009 listing the relevant foreign travel history of previous governors, the Department of Commerce, and its predecessor, the State Development Board, I am providing you with further documents we have found showing that Commerce's practice of purchasing business class tickets for foreign travel complies with applicable travel laws and regulations. This conclusion is based on the attached letter from June 16, 1987 which shows that then Comptroller General Earle E. Morris, Jr. authorized the State Development Board to purchase business class seats for foreign travel. (See Exhibit A).

In the letter, State Development Board Director Mac Holladay wrote Comptroller General Morris "to address effectiveness over efficiency in flight travel" after the Development Board's trips with Governor Carroll Campbell to London and Munich. Mr. Holladay wrote:

Neither the Chairman of the Development Board nor I have the luxury of building in recuperation time when flying long distances, especially if we are accompanying the Governor as was the plan on our recent trip to Europe. Therefore, we must arrive ready to conduct business in most cases on the next day. In order to dilute the negative affects [sic] of long distance travel as much as possible, we need to be able to rest while traveling which means booking at least business class seats. (Emphasis added.)

The letter, which requests approval for business class seats, is marked "approved by Mr. Morris" on June 22, 1987.

The Comptroller General's authorization of the Development Board's business class travel is significant because the Comptroller General's Office drafted the regulations regarding foreign travel that were approved by the Budget and Control Board, as indicated by the attached minutes from the August 19, 1981 Budget and Control Board meeting (see Exhibit B), and oversees state agency

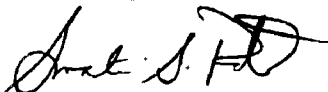
The Honorable David L. Thomas
Page Two
September 1, 2009

compliance with state travel regulations. The Comptroller General's Office expressly authorized business class travel for the State Development Board, and by virtue of S.C. Code Ann. § 13-1-10(B)¹, this authorization was transferred to the Department of Commerce. Accordingly, the Comptroller General's interpretation of its own travel regulations proves that Commerce has the authority to purchase business class seats for foreign travel under the travel regulations. See *Brownlee v. South Carolina Dept. of Health and Environmental Control*, 382 S.C. 129, 136, 676 S.E.2d 116, 120 (2009) ("Courts defer to the relevant administrative agency's decisions with respect to its own regulations unless there is a compelling reason to differ.")

This conclusion is further supported by a 2002 Legislative Audit Council (LAC) report of the Department of Commerce, which included a review of the agency's travel practices. Coincidentally, the LAC audit was requested by you and other legislators, whose specific "intent" was to "have an audit of the Department of Commerce that concerns travel expenses of employees of the department, including all air travel, both by state owned planes, commercial planes, and contract air providers." (See Exhibit C; emphasis added). In conducting its audit, the LAC "reviewed a sample of travel vouchers [from FY 97 – FY 01] and found that Commerce generally complied with state travel law and regulations." (See Exhibit D). Furthermore, a 2004 LAC Follow-Up Report stated that "[i]n 2002, we did not find material noncompliance with state travel regulations...." (See Exhibit E). As noted in my previous letter and substantiated by several travel invoices for Commerce Secretary Charles Way and other Commerce staffers, Commerce was purchasing business class seats for foreign travel during the time period reviewed by the LAC. Accordingly, the LAC likely reviewed Commerce's purchase of business class seats and determined that there was no violation of state travel law and regulations.

In sum, the overwhelming evidence that we have provided to you in this and previous letters clearly leads to the conclusion that the Department of Commerce has lawful authority to purchase business class seats for foreign travel which has been approved by the Comptroller General and acquiesced to by legislators. If you have other information to the contrary, please share it with us so we can review it. We appreciate your careful consideration of the materials we have provided to you and your subcommittee.

Sincerely,



Swati S. Patel
Chief Legal Counsel

cc: Mr. Herb Hayden, State Ethics Commission

¹ S.C. Code Ann. § 13-1-10 (B) provides that "[a]ll functions, powers, and duties provided by law to the State Development Board, the Savannah Valley Authority, the South Carolina Aeronautics Commission, the South Carolina Public Railways Commission, and the Coordinating Council for Economic Development, its officers or agencies, are hereby transferred to the Department of Commerce together with all records, property, personnel, and unexpended appropriations. All rules, regulations, standards, orders, or other actions of these entities shall remain in effect unless specifically changed or voided by the department in accordance with the Administrative Procedures Act."

EXHIBIT A



STATE DEVELOPMENT BOARD

POST OFFICE BOX 927
COLUMBIA SOUTH CAROLINA 29202

J. MAC HOLLADAY
DIRECTOR

June 16, 1987

The Honorable Earle E. Morris, Jr.
Comptroller General
P. O. Box 12444
Columbia, SC 29211

Dear Earle:

In utilizing commercial airlines on State Development Board business in the U.S., staff looks at every opportunity to conserve funds by purchasing tickets in advance and reserving tourist seats. Due to the nature of our business, there is not always enough advance notice to obtain the most economical fares; however, we do make our best effort.

The Development Board's recent programs in Munich and London bring up the need to address effectiveness over efficiency in flight travel in selected cases. As you are well aware, overseas and transcontinental travel are tiring and hectic under the best of circumstances. So much so that some firms now mandate their employees traveling overseas to take the time to arrive two days in advance in order to be alert and rested while conducting their company's business. Neither the Chairman of the Development Board nor I have the luxury of building in recuperation time when flying long distances, especially if we are accompanying the Governor as was the plan on our recent trip to Europe. Therefore, we must arrive ready to conduct business in most cases on the next day. In order to dilute the negative affects of long distance travel as much as possible, we need to be able to rest while traveling which means booking at least business class seats. We must also be able to adjust our schedules at the last minute in order to accommodate the Governor's schedule and service to any prospects which might need our attention before, after or during trips. Again, this will create a need to upgrade tickets or may cause us to miss deadlines for cut-rate purchases in advance.

*Approved by
Mr. Morris 6-22-87*
J.M.H.
Business class travel
for Director + Commission
only
*Notified
Hank Holladay
6-22-87*

TEL 803/734-1400
TWX NO 810 666 2628

The Honorable Earle E. Morris, Jr.
June 16, 1987
Page Two

The enclosed invoices for airline tickets reflect all the situations mentioned above. We needed the flexibility of changing schedules which resulted in cancellation charges and the ability to conduct business upon arrival which resulted in the need for business class seats. I wanted you to be aware that this invoice is being processed. Please call me if you need additional information.

Thank you for your support of the Development Board's efforts and for the help and counsel you have given to me in the past.

Kindest regards,


J Mac Holladay

JMH/ecs

Enclosures

BCB Meeting
10 - 8/19/81

EXHIBIT B

BUDGET AND CONTROL BOARD - 1981-82 TRAVEL AND SUBSISTENCE RE

Travel and subsistence regulations for 1981-82, drafted by the Comptroller General's Office, were presented to the Budget and Control Board for action. Mr. Putnam called attention to the language in paragraph 5 relating to subsistence reimbursement of Supreme Court Justices and suggested that Attorney General Sloan be asked to examine that for its appropriateness.

Following a brief discussion, upon a motion by Mr. Patterson, by Senator Dennis, the Board approved regulations for the reimbursement of travel and subsistence expenses for fiscal year 1981-82 except that paragraph of those regulations, relating to subsistence reimbursements for Supreme Court Justices, was carried over for further study.

Information relating to this matter has been retained in these files and is identified as Exhibit 27.

STATE DEVELOPMENT BOARD - BRUSSELS OFFICE OPERATIONS MANUAL AMENDMENT

Upon a motion by Senator Dennis, seconded by Mr. Morris, the Board approved an amendment of the Development Board's Brussels office operations manual to provide for travel expenses of the employee and spouse prior to foreign assignment.

Information relating to this matter has been retained in these files and is identified as Exhibit 28.

PERSONNEL DIVISION - SCHOOL DISTRICT INSURANCE PREMIUM DEPOSIT -

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved a statement requiring school districts to deposit one month's employer premium for health, life, and long-term disability insurance with the State Personnel



South Carolina House of Representatives

P.O. BOX 11867 • COLUMBIA, S.C. 29211 • TELEPHONE 734-2610

June 28, 2001

EXHIBIT C

Mr. George Schroeder
Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

HAND DELIVER

Dear Mr. Schroeder:

Enclosed is a request for the Legislative Audit Council to conduct an audit of the S.C. Department of Commerce. This was orchestrated by myself, in conjunction with others of the House of Representatives and the Senate. I have already compiled a tremendous amount of information that you may have at your disposal to get started with in order to save time.

I would like the auditors, once assigned, to meet with Sen. Wilson, myself, and others so that we may express our concerns and intentions. It is our intent by the undersigned people to have an audit of the Department of Commerce that concerns all travel expenses of employees of the department, including all air travel, both by state owned planes, commercial planes, and contract airline providers, especially the charges pertaining to contract airplanes versus state airplanes, past and present. I would also like to audit the charges incurred with the new media arts room in a building not owned by the State.

I spoke on all these matters of concern at the podium of the House of Representatives on June 28, prior to circulating this audit request. I look forward to hearing from you and your staff so that I may be more explicit as to my intentions. I thank you in advance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jake Knotts, Jr.", is written over a horizontal line.

Representative Jake Knotts, Jr.

RJK/db

Enclosure

JOE WILSON
SENATOR, LEXINGTON COUNTY
SENATORIAL DISTRICT NO. 39

HOME ADDRESS:
P. O. BOX 8700
WEST COLUMBIA, SC 29171
(803) 796-8160 (24 HOURS)
FAX: (803) 797-4410

STATE HOUSE ADDRESS:
P. O. BOX 1
211 GREGG STREET SENATE OFFICE BLDG.
COLUMBIA, SC 29202
(803) 212-4420
FAX: 212-6436



COMMITTEES:
TRANSPORTATION, CHAIRMAN
AGRICULTURE
EDUCATION
GENERAL
INVITATIONS
JUDICIARY

March 28, 2001

Mr. George L. Schroeder, Director
Legislation Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

Dear Mr. Schroeder,

We the following Senators and Representatives would like to request that an audit be done on all the travel expenses of the South Carolina Department of Commerce.

Thank you so much for your prompt attention to this matter.

Very truly yours,

A handwritten signature in cursive script, reading 'Jake M. Knotts, Jr.'.

Rep. Jake M. Knotts, Jr.

A handwritten signature in cursive script, reading 'Joe Wilson'.

Sen. Joe Wilson

A handwritten signature in cursive script, reading 'David H. Wilkins'.

Rep. David H. Wilkins, Speaker

A handwritten signature in cursive script, reading 'James H. Harrison'.

Rep. James Harrison

A handwritten signature in cursive script, reading 'Mickey S. Whatley'.

Rep. Mickey S. Whatley

A handwritten signature in cursive script, reading 'Richard Quinn'.

Rep. Richard Quinn

This is a request for the Legislative Audit Council and I appreciate your signature.

Wallace B. Slaughter

Michael E. Kentucky

Scott Talley

Ray [unclear]

[unclear]

Rita Allison

[unclear]

Ragan

W. S. [unclear]

[unclear]

[unclear]

Paul Sinclair

[unclear]

[unclear]

Harb Kunk

[unclear]

Ronald P. [unclear]

James C. Still

[unclear]

This is a request for the Legislative Audit Council and I appreciate your signature.

James D. Long

J. Lee Taylor

Marty W. Coates

Lester B. Buford

W. H. Jones

B. M. Smith

F. M. Wilkey

James N. Lane

W. E. Sipe

Wm. J. Davis

F. H. T. H.

John H. Ott

Jim M. De

James M. Richards

J. Roland Smith

J. B. H.

R. E. W. Adams

Harry J. Cato

John W. Lacy

Lenny Ruff

This is a request for the Legislative Audit Council and I appreciate your signature.

Marion S. Canell

John D. [unclear]

Kilda Cobb/Kunter

J. H. Neal

Leon Howard

Thomas M. [unclear]

J. P. [unclear]

Shirley R. Henson

Gloria West Jr.

Bob Leach

Ronald H. [unclear]

Ed. With N/E [unclear]

Don [unclear]

David R. [unclear]

J. [unclear]

Ch. [unclear]

Phil [unclear]

Robert [unclear]

[unclear]

This is a request for the Legislative Audit Council and I appreciate your signature.

Don E. H.

Mike Fair

[Signature]

This is a request for the Legislative Audit Council and I appreciate your signature.

Wallace B. Scarborough
Rep. Wallace B. Scarborough (R)

Michael E. Easterday
Rep. Michael E. Easterday (R)

Scott F. Jaffey
Rep. Scott F. Jaffey (R)

Harry L. Lippman
Rep. Harry L. Lippman (R)

Rita Allison
Rep. Rita Allison (R)

[Signature]

Thomas B. Deegan
Rep. Thomas B. Deegan (R)

William D. Withington
Rep. William D. Withington (R)

Glenn A. Hamilton
Rep. Glenn A. Hamilton (R)

[Signature]
Rep. [Signature]

Phil Sinclair
Rep. Phil Sinclair (R)

David Weeks
Rep. David Weeks (D)

Todd Rutherford
Rep. Todd Rutherford (R)

Harb Kish
Rep. Harb Kish (D)

Jackie Hayes
Rep. Jackie Hayes (D)

Ronald P. Townsend
Rep. Ronald P. Townsend (R)

Danny C. Still
Rep. Danny C. Still (R)

Herb Hamlin
Rep. Herb Hamlin (D)

This is a request for the Legislative Audit Council and I appreciate your signature.

Annette H. Frank
Rep. Annette Frank (R)

John G. Adams
Rep. J. Adams (R)

Marty W. Coates
Rep. Marty Coates (R)

Liston B. Buford
Rep. Liston Buford (R)

W. H. Jones
Rep. W. H. Jones (R)

Samuel Smith, Jr.
Rep. Samuel Smith, Jr. (R)

James N. Lane
Rep. James N. Lane (R)

Bill Sandifer
Rep. Bill Sandifer (R)

David G. Owens
Rep. David G. Owens (R)

Daddy Foster
Rep. Daddy Foster

John H. Alt
Rep. John Graham Alt (R)

Jim McElwee
Rep. Jim McElwee (R)

Buddy Meacham-Richard
Rep. Buddy Meacham-Richard

Roland Smith
Rep. J. Roland Smith (R)

Jim Klaysen
Rep. Jim Klaysen (R)

Bob Walker
Rep. Bob Walker (R)

Harry F. Cato
Rep. Harry F. Cato (R)

John W. Riser
Rep. John W. Riser (R)

Kenny Bingham
Rep. Kenny Bingham (R)

This is a request for the Legislative Audit Council and I appreciate your signature.

Marion P. Carnell

Rep. Marion P. Carnell (D)

[Signature] (D)

Rep. [Signature]

Kilda Cobb Hunter

Rep. Kilda Cobb Hunter (D)

J. H. Neal (D)

Rep. Joseph H. Neal (D)

Leon Howard

Rep. Leon Howard (D)

Thomas M. Dantzler (R)

Rep. Thomas M. Dantzler (R)

[Signature]

Shirley R. Henson (R)

Rep. Shirley Henson

Gloria [Signature] (R)

Rep. Gloria [Signature]

Bob Leach (R)

Rep. Bob Leach

Ronald N. Fleming

(R) Rep. Ronald N. Fleming

[Signature]

(D) Rep. E. DeWitt McCraw

[Signature]

(D) Rep. Fletcher Smith

Randy R. Vaughn

(R) Rep. Randy Vaughn

[Signature]

(R) Rep. [Signature]

[Signature]

(R) Rep. Dwight A. Loftis

[Signature]

(R) Rep. Archie Johnson

Robert Perry Jr.


(R) Rep. Robert Perry Jr.


[Signature]

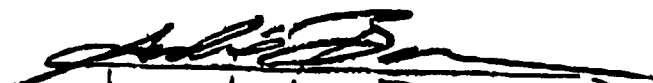
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(R) Rep. Robert W. [Signature]

This is a request for the Legislative Audit Council and I appreciate your signature.


Sen. David Thomas (R)


Sen. Mike Fair (R)


Sen. Andre Bauer (R)

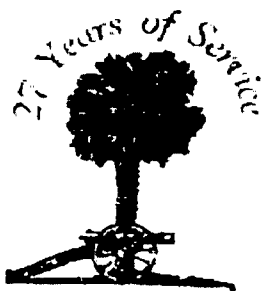
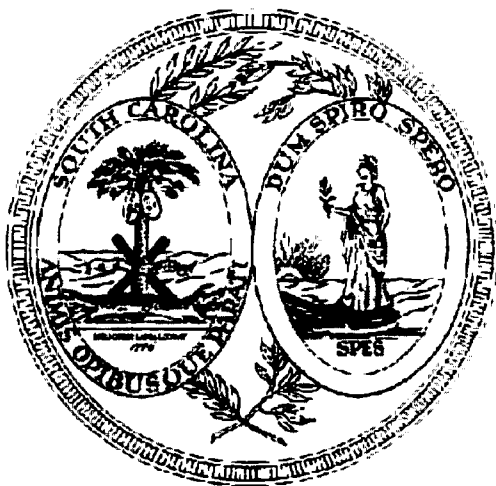
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Report to the General Assembly

July 2002

EXHIBIT D

An Administrative Review of the Department of Commerce



Travel

We reviewed the Department of Commerce's travel expenditures for FY 96-97 through FY 01-02. The department's overall expenditures rose during the period, reaching a high of \$1.2 million in FY 99-00 (see Table 4.1). We reviewed a sample of travel vouchers and found that Commerce generally complied with state travel law and regulations. However, the department, and perhaps all state agencies, could benefit from statewide management of lodging and airfare costs. We also found that Commerce could achieve savings by closely monitoring the costs of the state vehicles it leases.

Table 4.1: Department of Commerce Travel Expenditures, FY 96-97 Through FY 00-01

CATEGORY	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01
Meals	\$60,099	\$74,986	\$71,332	\$91,793	\$78,361
Lodging	166,604	201,622	205,315	367,518	237,582
Airfare	107,178	153,770	189,038	240,459	203,601
Auto mileage/leases	150,245	180,064	240,262	248,196	252,990
Registrations	103,702	104,485	117,859	118,725	115,021
Other*	51,403	64,134	84,309	150,471	98,287
TOTAL	\$639,231	\$779,061	\$908,115	\$1,217,162	\$985,842

*Other includes nonstate employee travel, other transportation, and miscellaneous travel expense

Source: Office of the Comptroller General.

Lodging Expenditures

We noted some cases in which Department of Commerce reimbursements for lodging expenditures could be considered excessive. South Carolina travel regulations do not limit the amount of reimbursement for lodging. Agency heads have the responsibility to determine that charges are "reasonable." The federal government limits its employees to lodging rates published annually by the General Services Administration for domestic travel and the State Department for foreign travel.

We reviewed lodging expenditures in a nonrandom sample of 39 Department of Commerce travel vouchers. For some of the most expensive lodging, we compared expenditures to the federal limits for these locations at the time of the trip and found that Commerce staff far exceeded the federal limits (see Table 4.2).

EXHIBIT E

LEGISLATIVE AUDIT COUNCIL

FOLLOW-UP

February 2004

An Administrative Review of the Department of Commerce (July 2002)

BACKGROUND

The 2002 audit of the Department of Commerce was prompted by concerns about the department's management of its resources. The audit focused on whether administrative expenditures had been reasonable and whether internal controls were adequate to ensure accountability. We did not review the department's management of economic development activities or program results.

Our objectives included a review of the department's new presentation facility, use of its Special Events Fund expenditures for travel and entertaining economic development prospects, compliance with the Freedom of Information Act, and contract management. Since the audit, a new Secretary of Commerce has been appointed and the agency has reduced its staff and budget significantly.



In our July 2002 audit of the Department of Commerce, we made recommendations to the Department of Commerce and the General Assembly. In our follow-up, we found that both the department and the General Assembly have implemented some recommendations but not others. Below we indicate the extent to which our recommendations have been implemented in areas such as the solicitation and expenditure of contributions to the Special Events Fund, the entertainment of economic development prospects, employee lodging, and the use of aircraft.

PRESENTATION CENTER

In 2002, we found that Commerce had not emphasized cost-effectiveness in its operations, and some expenditures of public funds were not authorized by law. The department completed work on a \$19 million audio-visual presentation center in 2001. Included in this cost was more than \$800,000 for renovating office space that was not state property. The agency had no formal budget for the project, and made decisions on equipment, furniture, and construction that significantly increased the center's cost. The use of the center was limited.

In our follow-up, we found that the department has made the presentation center more available to outside agencies. The department has solicited proposals from private companies to both market and manage the center. We also found that the department took cost into consideration when it made \$60,000 in building renovations in 2003 as a result of consolidating its office operations into fewer square feet.

SPECIAL EVENTS FUND

In 2002, we found that the department's solicitation of contributions from businesses and other organizations for a Special Events Fund created a conflict of interest, because Commerce officials have the authority to influence public subsidies for those organizations. State law requires public expenditures to directly promote a public purpose. We found that some Special Events Fund expenditures for parties, picnics, lunches, dinners, and gifts for department employees were inappropriate uses of public funds and violated state law.

In our follow-up, we found that the General Assembly has not amended state law to prohibit the solicitation of contributions by Commerce. The department reports that it stopped soliciting contributions for its Special Events Fund following the 2002 LAC audit. Revenues of the fund declined from more than \$880,000 in 2001 to \$166,000 in 2003. According to a department official, they have not eliminated the possibility of soliciting contributions in the future. Also, in a limited review of Special Events Fund expenditures made by the department in 2003, we found no expenditures that were materially inconsistent with state law.

TRAVEL EXPENSES

In 2002, we did not find material noncompliance with state travel regulations, but the department's travel expenditures highlighted ways the state could save money.

PROSPECT EXPENSES AND MEALS

In 2002, Commerce did not have adequate controls over funds spent to entertain economic development prospects, and we could not identify legal authority for the department to reimburse employees for meals when they were not traveling or to pay for meals in excess of state limits.

METHODOLOGY

We reviewed information from the Department of Commerce and interviewed officials regarding the implementation of our recommendations. We also conducted limited samples of expenditures from the Special Events Fund, employee travel, prospect expenses, and agency flight records. We verified evidence supporting the department's information as appropriate.

FOR MORE INFORMATION

Our full report, its summary, and this document are published on the Internet at

www.state.sc.us/sciac

LEGISLATIVE AUDIT COUNCIL
1331 Elmwood Ave., Suite 315
Columbia, SC 29201
(803) 253-7612

George L. Schröder
Director

In our follow-up, we reviewed a limited sample of the department's expenditures for entertaining economic development prospects and found that the department had improved its management controls. However, with the approval of the Comptroller General, Commerce employees were still being reimbursed for meals in Columbia (department headquarters) and near their homes when the purpose of the meal was to entertain economic development prospects. The cost of some meals exceeded state cost limits. The General Assembly has not amended state law to specifically address whether these meals should be allowable expenses when entertaining economic development prospects.

LODGING EXPENSES

In 2002, we found that, in contrast to other states and the federal government, South Carolina had no limits on reimbursements for lodging expenses. Commerce employees sometimes spent more than twice the federal limits for lodging. If South Carolina adopted the federal limits, it would avoid the expense of developing and updating its own.

In our follow-up, we found that the General Assembly has not amended state law to establish per night lodging limits for state agencies. In a limited review of lodging expenditures made from January 2003 through September 2003, we found that the department's employees sometimes exceeded the maximum amounts allowed by the federal government for its employees.

AIR TRAVEL

In 2002, we found that state government could obtain savings by contracting with airlines for discount airfares. We also found that Commerce was not reporting the full cost of operating and owning its aircraft. Some high-cost flights indicated a need for the department to consider less expensive alternatives.

In our follow-up, we found that the General Assembly has not amended the law to require the state to contract with airlines. Commerce has not changed its methodology for calculating the cost per flight hour of its aircraft to fully capture all operating costs as well as depreciation and the cost of capital. The department also has not reported cost per flight hour data in its annual accountability report.

Also, we found several instances where Commerce aircraft flew to Charleston to either pick up or drop off the Secretary of Commerce, who has a home in nearby Mount Pleasant. For example, on March 10, 2003, an aircraft flew without a passenger from Columbia to Charleston to pick up the secretary, flew him to Aiken, then flew him back to Charleston, and returned to Columbia without a passenger. A conservative estimate of the cost of this flight is \$3,600, excluding depreciation and the cost of capital. The department stated that such travel is sometimes required to ensure the secretary's attendance at significant meetings.

AUTOMOBILE TRAVEL

In 2002, we recommended that Commerce reduce the cost per mile for the vehicles it leases. In our follow-up, we found that department officials had reduced the number of cars they lease from 24 in July 2002 to 8 in December 2003.

FREEDOM OF INFORMATION ACT

In 2002, we found that Commerce adequately responded to citizens' requests for information, but recommended that the General Assembly consider amending the law to allow for increased disclosure of economic development incentives.

In our follow-up, we found that the General Assembly amended state law in 2003 to require the department to disclose economic development incentives and their fiscal impact after the company receiving the incentives agrees to locate in a South Carolina jurisdiction and a public announcement has been made.



September 2, 2009

Mark Sanford's lawyer says flights were lawful

Senator Thomas calls previous state officials' travel not relevant

*By Tim Smith
Capital Bureau*

COLUMBIA — The governor's lawyer said Tuesday that South Carolina's comptroller general in 1987 authorized state officials to buy business-class airline tickets for international trips — six years after regulations went into effect requiring state employees to fly economy class.

The travel rules and whether Gov. Mark Sanford violated them by flying on upgraded tickets are a focus of a Senate subcommittee investigation of the governor being conducted by state Sen. David Thomas, a Fountain Inn Republican.

In a letter Tuesday to Thomas, Sanford's chief legal counsel argued that the documents crafted during the administration of then-Gov. Carroll Campbell show that officials with the state Department of Commerce had the authority to purchase business-class tickets for Sanford and others over the years on overseas flights.

The Comptroller General's Office, according to Sanford's staff, originally drafted the regulations for foreign travel later adopted by the State Budget and Control Board. The office also oversees state agency compliance with state travel regulations, Sanford's legal counsel said.

Thomas said he doesn't believe what happened in the administrations of Campbell, former Gov. David Beasley and former Gov. Jim Hodges is relevant because he has been told those tickets were purchased using private money donated to a special economic development fund.

However, a 2002 Legislative Audit Council report critical of the fund concluded that revenues from private sources become public when they are received by the agency. The fund no longer exists.

Thomas also said Tuesday he plans to ask the State Ethics Commission to expand the scope of its inquiry to include questions surrounding Sanford's absence from the state in June during which he secretly traveled to Argentina to meet a woman with whom he was having an affair. He called the June trip the "900-pound gorilla" that will likely be the basis for any articles of impeachment.

He said he wants the Ethics Commission to look at whether the governor's failure to notify other officials and staffers of where he was going, his failure to remain in contact with staff and letting them believe he was hiking on the Appalachian Trail constitute "serious misconduct," one of the impeachment offenses specified in the state Constitution.

Swaiti Patel, chief legal counsel for Sanford, sent to Thomas a 1987 letter from J. Mac Holladay, director of what was then the State Development Board, to then-Comptroller General Earle Morris in which Holladay asked permission from Morris to pay for business-class seats on overseas trips "in order to dilute the negative effects of long-distance travel."

Holladay mentioned state officials' trips to Europe that year that included Campbell, who served from 1987 to 1995, but asked only for permission to pay for invoices for tickets for himself and the chairman of the development board at the time.

A note written on the letter by Morris notes that the tickets were to be approved, but only for the director and chairman. Patel argued that approval is proof that Commerce Department officials since

have had "lawful authority" to buy more expensive airfare

"In sum, the overwhelming evidence that we have provided to you in this and previous letters clearly leads to the conclusion that the Department of Commerce has lawful authority to purchase business-class seats for foreign travel which has been approved by the Comptroller General and acquiesced to by legislators," she wrote to Thomas

Thomas said the overseas airfare is only one issue and not the major one involving the governor. That, he said, is his secret trip to Argentina in June. He said while the trip may not involve any violations of a specific statute or code, he wants the Ethics Commission to determine if it constitutes "serious misconduct "

"If they can't take up those things, they've left out the 900-pound gorilla," Thomas said

Herb Hayden, executive director of the Ethics Commission, couldn't be reached for comment Tuesday.

Sanford returned from the trip to Argentina and announced on June 24 that he had been engaged in a year-long affair. Scrutiny of the governor's travels since then has turned up questions about his use of state airplanes, upgraded tickets on overseas flights and whether he disclosed all private flights on state ethics forms and campaign reports.

Thomas has said he believes six of Sanford's foreign flights violated the travel regulations requiring coach airfare.

Lt. Gov. Andre Bauer publicly asked Sanford last week to resign, and House GOP legislators at an annual retreat last weekend discussed whether to impeach the governor or ask him to leave office.

Hayden has confirmed that his agency is investigating Sanford's use of state aircraft, his use of upgraded tickets on overseas trips and his reimbursements from his campaign fund.

House leaders want to use that investigation as a basis to take any action against the governor, who has waived confidentiality during the probe's first phase, allowing officials to confirm they are investigating him.

Sanford has argued that he did nothing wrong with the flights and that officials serving in previous administrations also bought business- or first-class air tickets. His staff said they believe as many as 230 such tickets were purchased for state officials since 1984.

Thomas said he talked to Beasley about the matter in the past week and Beasley told him such airfare during his administration was paid for through a foundation using private funds. Thomas said an official in Campbell's administration told him tickets were paid for through private donations.

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Thursday, Sep 3, 2009

Posted on Thu, Sep 03, 2009

Sanford on the offensive

Governor defends flying business-class

By JOHN O'CONNOR
joconnor@thestate.com

Gov. Mark Sanford continued to push back on criticisms Wednesday, releasing a 22-year-old memo his attorney says permits pricey business-class travel and asking state universities to turn over air travel records.

Sanford's attorney said the 1987 memo, signed by then-Comptroller General Earle Morris, gives subsequent administrations the ability to buy business-class and other upgraded airfare for overseas economic development trips.

Critics say state law contradicts — and supersedes — Morris' decision.

"The Comptroller General's interpretation of its own travel regulations proves that Commerce has the authority to purchase business class seats for foreign travel under the travel regulations," Swati Patel, Sanford's chief legal counsel, wrote to state Sen. David Thomas, the Greenville Republican leading a Senate investigation of Sanford's travel.

Patel's letter also repeats an argument made by the Republican governor last week: that a 2002 Legislative Audit Council review of Department of Commerce air travel found the agency had complied with state law — even though past governors had flown business- and first-class.

Sanford's travel and use of state resources has been scrutinized since he disappeared for five days in June and later admitted an extramarital affair.

Media investigations raised questions about:

- The legality of Sanford's business-class airfare on trade trips — at a cost of more than \$37,000
- His use of state planes
- Campaign reimbursements

The questions prompted the State Ethics Commission to begin investigating Sanford. A growing chorus of lawmakers also has asked Sanford to step down; lawmakers expect an impeachment bill to be filed in December.

Thomas said he thinks Sanford's business-class travel broke state law.

Thomas said Morris, who was convicted of securities fraud in 2004 and is scheduled to be released from prison in April, did not have the authority to determine state law for travel. State regulations say "travel by commercial airlines will be accomplished in coach or tourist class, except where exigencies require otherwise."

"One constitutional officer can't negate a regulation," Thomas said.

Thomas also disputed the governor's conclusion about the Audit Council report, noting past governors raised private funds to pay for upgraded airfare and Sanford did not.

The Ethics Commission is also looking into whether Sanford used state planes for personal use, which is prohibited by state law. The commission, Thomas said, eventually will determine whether Sanford broke the law.

But Sanford is not waiting on the Ethics Commission's decision before fighting back, asking state universities for their flight records.

In a Sept. 1 letter to Clemson University, the Medical University of South Carolina and the University of South Carolina — the state's three research universities — Sanford's office requests information on the colleges' use of state planes or planes they — or their foundations — own or lease.

In a letter to the schools, Patel asks for "flight manifests, passenger information, purpose of trips and cost of travel," among other data, in order to "get a better understanding of how different state organizations use airplanes in South Carolina."

All three schools said they would comply with the request. Clemson owns two planes, one is owned by the school's athletic department. The USC Development Foundation leases a plane to the university. MUSC is selling its plane for budget reasons and has not used it in months, the schools said Wednesday.

Lawmakers are preparing for scrutiny of their use of state aircraft as well. Those contacted by The State on Wednesday said their use of state planes was for state business, in accordance with the law.

According to documents obtained by The State, the cost of lawmakers' use of the state's King Air has totaled more than \$228,000 since Sanford took office in January 2003.

During that same period, Sanford's use of the King Air totaled more than \$382,000 while the Department of Commerce tallied more than \$425,000 in flight costs.

Senate Finance chairman Hugh Leatherman, R-Florence, tallied about \$34,000 in flight costs for 60 trip segments. Most of those trips were to meet with state agencies or economic development projects, Leatherman said.

"I only use it when it benefits the state," Leatherman said. "The records are there for everyone to look at."

State Sen. Phil Leventis, D-Sumter, totaled the second-most use, flying 42 flight segments at a cost of almost \$33,000. Most of those trips included a former Shaw Air Force Base commander, records show. Leventis said the trips dealt with base-closing discussions on whether to close, maintain or expand Shaw.

House Speaker Bobby Harrell, R-Charleston, logged the third-most plane trips, with 42 segments costing \$23,300.

Harrell spokesman Greg Foster said Harrell used the plane just 10 times, combining multiple stops — or segments — into each day. Foster said those flights often were for economic development projects or meetings with lawmakers.

Foster said the House speaker, who owns a plane, only used the state plane if weather or logistics required a larger aircraft.

Reach O'Connor at (803) 771-8358.

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Commerce vet disputes travel letter explanation

Posted: Sep 03, 2009 11:03 AM EDT

Updated: Sep 03, 2009 3:55 PM EDT

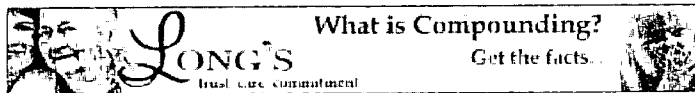
COLUMBIA, S.C. (AP) - The former state economic development leader who wrote a letter seeking permission to fly with his boss on more expensive seats says there was no intention of extending that benefit to governors.


J. Mac Holladay said Thursday the State Development Board was a much different and independent operation than a Cabinet agency that's now run as the Commerce Department.

The governor's top lawyer said Tuesday that a handwritten note on a Holladay letter from 1987 makes it clear that the comptroller general long ago approved exceptions for governors to fly in business class or better despite a regulation that says travel has to be at the lowest cost.

Holladay said he was most concerned at the time about multi-leg flights to Korea and Japan that took 20 hours.

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GreenvilleOnline.com

August 29, 2009

Sanford agrees to open ethics investigation

Ethics Commission chief says panel started probe earlier this month

*By Tim Smith
Capital bureau*

CONWAY — The State Ethics Commission has been investigating Gov. Mark Sanford since Aug. 18, its executive director said late Friday, while the governor said earlier in the day he would waive his right to a confidential probe.

Sanford, speaking at mid-day with reporters, said he would allow the public to look at a possible ethics probe of his travel while also challenging lawmakers to open up ethics investigations of themselves.

Sanford, at the time, said he did not know if the State Ethics Commission had started its investigation. He declined to answer other questions from reporters.

Executive Director Herb Hayden said the Ethics Commission is investigating Sanford's use of state aircraft, his overseas flights, and reimbursement from his campaign. He estimated the investigation would take four to six weeks.

Sanford's announcement came the day before House GOP lawmakers, gathered in Myrtle Beach for an annual weekend retreat, plan to discuss impeachment of the governor. House Speaker Bobby Harrell this week had urged the governor to open up the ethics probe.

"In the continued spirit of a fair and transparent process, I am today announcing that I'll be waiving confidentiality as the Ethics Commission studies some of the allegations made in the press and by political detractors," Sanford said. "Our administration has nothing to hide. We would welcome the public to scrutinize our record, just as the Ethics Commission will do."

Ethics investigations are secret unless the target waives confidentiality.

State Attorney General Henry McMaster and the state's top two legislative leaders — Harrell and Senate President Pro Tem Glenn McConnell — requested the investigation following questions surrounding Sanford's use of state aircraft and his business-class tickets on some overseas flights.

That also followed Sanford's public disclosure June 24 of a yearlong extramarital affair with an Argentine woman.

Sanford has denied any wrongdoing with his travel and took the offensive this week, charging Thursday in Greenville that Sen. David Thomas of Fountain Inn, who has said he believes the overseas flights violated state law, is using the issue to advance his political ambitions in his race for Congress.

Thomas chairs a Senate panel examining Sanford's travel spending.

The governor also has accused the media of publishing stories about his travels in order to "sell papers" and has repeatedly said the criticism of his travel is "pure politics."

He traveled to Conway on Friday to hold a news conference about his decision on the ethics probe and to attend a Lions Club meeting. He was welcomed to the site of the news conference — in front of a fountain near City Hall — by a group of about a dozen supporters, who clapped when he arrived and during his remarks. One held a makeshift sign imploring the governor to stay in office.

The governor has met with reporters four times in the past four days but had refused to discuss the ethics probe until Friday.

He said his administration had a long history of working toward transparency in government and was not fearful of what citizens would see in an ethics probe.

"We have an outstanding record in regard to standing up for the taxpayer and trying to do the right thing consistently," he told reporters. "What I've said consistently to y'all is my moral failure back in June, which has been more than well chronicled, that was mine. But this other with regard to expenditure of state money and airplanes and whatnot, is pure politics."

Sanford said he hopes that with an open ethics investigation of his travel "the truth will ultimately be laid out on that front."

He challenged the House and Senate to open any future ethics probes of legislators to the public. Such investigations are conducted by the Legislature and kept secret, Sanford said.

"Let's have the same system for everybody," he said. "Let's have them waive their rights to confidentiality as well."

Sanford also said Friday that a Legislative Audit Council report of the state Department of Commerce, which has bought many of the first-class or business-class tickets for governors and officials over the years, found no irregularities of travel when it examined records seven years ago during the administration of Gov. Jim Hodges.

The Governor's Office released documents this week showing that officials have purchased upgraded air tickets for governors and other officials 230 times since 1984, including tickets for Hodges and others in his administration.

Sanford said if the Legislature's own watchdog agency could find no wrongdoing then in the practice of buying first-class or business-class airfare, it is unfair to attack him now for his use of business-class seating on some overseas trips.

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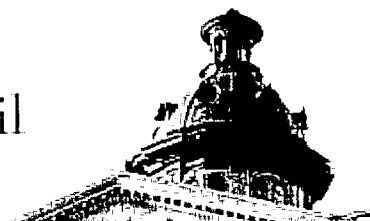
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An Administrative Review of the Department of Commerce

July 2002

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Members of the General Assembly requested that the Legislative Audit Council conduct an audit of the South Carolina Department of Commerce (Commerce). The review focused on whether the department's administrative expenditures have been reasonable and if controls were adequate to ensure appropriate accountability. We found that the department has not emphasized cost-effectiveness in its operations, and some expenditures of public funds were not authorized by law.

- In 2001 the department completed work on a \$1.9 million presentation center where information about South Carolina could be conveyed to industrial prospects using state-of-the-art audiovisual equipment. The agency had no formal budget for the project. When the General Assembly did not appropriate funds for the center, Commerce obtained funds from the Coordinating Council for Economic Development and the department's division of public railways.
- Commerce made decisions on equipment, furniture, and construction that significantly increased the cost of the presentation center. The department spent over \$80,000 on video conferencing equipment that was unnecessary and has been dismantled. Overall, the department spent almost \$800,000 renovating office space that is not state property. As of early 2002, usage of the center has been limited.
- To supplement its revenue, Commerce solicits contributions from businesses and other organizations for its Special Events Fund. This practice creates a conflict of interest because Commerce officials have the authority to influence public subsidies for the organizations from which they solicit contributions. Some of the department's expenditures for parties, picnics, lunches, dinners,

and gifts for its employees were inappropriate uses of public funds and violated state law. For example, the department spent more than \$5,000 for an employee picnic and more than \$10,000 for dinner and alcohol for a staff Christmas party.

- Some Department of Commerce employees were reimbursed for "prospect expenses" when no prospects were present. Also, we could not identify any legal authority for the department to fund state employees' meals when they are not traveling or to pay for meals in excess of state limits.
- We did not identify material noncompliance in a sample of the department's travel vouchers. However, the department's expenditures highlighted areas where the state could exercise more cost-effective management. In contrast to other states and the federal government, South Carolina has no limits on reimbursements for lodging expenses. Commerce employees sometimes spent more than twice the federal limits for lodging.
- The department's expenditures for commercial airline tickets illustrate why a state contract for airfare would be beneficial. Commerce staff sometimes have to travel at the last minute and change plans with little notice, causing them to pay high fares. The federal government and other southeastern states have contracts for airfare that increase convenience and result in significant savings. Because all of state government spent more than \$8.3 million for airfare in FY 00-01, the potential for savings is great.
- The department spent too much for the cars it leases from the Budget and Control Board. In FY 00-01, Commerce spent 47¢ per mile for the cars it leased. It could have saved approximately \$60,000 if it had reimbursed its employees for the use of their own vehicles instead of leasing cars. Commerce should monitor costs and reduce the cost per mile.
- The department uses its own aircraft for some of its travel. We found that the agency has not reported the full cost of operating and owning its aircraft. In FY 00-01, operating costs ranged from \$1,814 to \$3,877 per flight hour. We also identified some high-cost flights that indicate a need for the department to give greater attention to the use of its aircraft and consider less expensive alternatives.
- The Department of Commerce adequately responded to citizens' requests for public information submitted from FY 96-97 through FY 00-01. Amendments to the Freedom of Information Act (FOIA) in 1998 required the department to disclose more information about incentives offered to prospective industries. However, there may be a need for increased disclosure. Commerce does not disclose company-specific information regarding prospects that decide not to locate in South Carolina. Also, we found the department charged some requesters but not others for processing information requests.
- We reviewed a sample of the department's contracts for professional services and found that the services were provided. While we did not find material problems with contract management, in some cases the department reimbursed its contractors for travel expenses that could be considered excessive.
- We found that expenditures from the state aviation fund, used for airport maintenance around the state, were appropriate. However, the ability to carry forward state appropriations for airport capital improvements is needed to complete ongoing projects.

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Report Summary

LAC

July 2002

An Administrative Review of the Department of Commerce

Members of the General Assembly requested that the Legislative Audit Council conduct an audit of the Department of Commerce (Commerce). Our review focused on whether the department's administrative expenditures have been reasonable and if controls were adequate to ensure accountability. We found that the department has not emphasized cost-effectiveness in its operations and that some expenditures of public funds were not authorized by law.

PRESENTATION CENTER

In 2001, Commerce completed a \$1.9 million presentation center where staff could convey information about South Carolina to industrial prospects using state-of-the-art audiovisual equipment. When the General Assembly did not appropriate funds for the center, Commerce obtained funds from related entities within the department even though the project was not central to the mission of these units.

FUNDS ALLOCATED FOR PRESENTATION CENTER	
SOURCE OF FUNDS	AMOUNT
S.C. Coordinating Council for Economic Development	\$1,200,000
S.C. Public Railways	800,000
Wireless communications company	100,000
TOTAL*	\$2,100,000

*Some funds from the presentation center account were spent for construction not related to the center

COMMERCE WANTED THE CENTER TO BE
"WORLD CLASS IN EVERY DETAIL"
AND DID NOT PRIORITIZE COST-EFFECTIVENESS.

DECISIONS THAT INCREASED COSTS

Commerce made decisions on equipment, construction, and furniture that significantly increased the cost of the presentation center. The agency spent over \$80,000 on video conferencing equipment that was unnecessary and has been dismantled. During construction, Commerce decided to install larger video projection screens than had been planned. The larger screens were a

primary reason that the agency's construction costs increased by 80% from \$434,000 to \$780,000. Commerce spent almost \$800,000 renovating office space that is not state property. In addition, the department purchased expensive furniture for the center. Usage of the center has been limited, and the department has not marketed the facility to other agencies.

FURNITURE EXPENDITURES FOR THE PRESENTATION CENTER		
DESCRIPTION		TOTAL COST
6	Lobby chairs	\$1,514 - \$1,883 \$10,079
40	Mid-back executive style chairs	\$1,217 48,694
8	High-back executive style chairs	\$1,446 11,569
10	Cherry tables 30 x 72	\$1,016 10,159
1	Credenza	\$2,169 2,169
1	Cherry fax machine cabinet	\$1,465 1,465
1	Table desk	\$2,174 2,174
TOTAL		\$86,309

SPECIAL EVENTS FUND

To supplement its revenues for recruiting businesses to South Carolina, the department solicits contributions from businesses and other organizations for its Special Events Fund. This practice creates a conflict of interest because Commerce officials have the authority to influence public subsidies for the organizations from which they solicit contributions.

Fund revenues totaled \$882,000 in FY 00-01. Revenues from private sources become public when they are received by the department. Under state law, public funds must directly promote a public purpose. Some of the department's expenditures from the fund for employee parties, picnics, lunches, dinners, and gifts violated state law.

Department officials stated these types of expenditures are no longer allowed under new guidelines adopted for the fund.

THE DEPARTMENT'S EXPENDITURES
FOR EMPLOYEE SOCIAL EVENTS
LESSENED THE AMOUNT OF FUNDS AVAILABLE FOR
BUSINESS RECRUITMENT.

QUESTIONABLE SPECIAL EVENTS FUND EXPENDITURES		
EVENT	DATE	AMOUNT
Dinner and alcohol for employee Christmas party	12/99	\$10,011
"Koozie bag" gifts for employee picnic	06/00	\$1,917
Food, alcohol, and facility rental for employee picnic	06/00	\$3,404
Division luncheon	08/00	\$191
Round-trip airfare to Orlando, Florida for employee's spouse	11/00	\$527
Lunch for employee training seminar	12/00	\$407
Sterling bracelet gifts for employee Christmas party	12/00	\$2,321
Travel alarm clock gifts for employee Christmas party	12/00	\$1,596
Entertainment for employee Christmas party	12/00	\$1,200
Christmas cards for employee Christmas party	12/00	\$772
Dinner and alcohol for employee Christmas party	12/00	\$9,741
Division luncheon	05/01	\$283
Food, alcohol, and facility rental for employee picnic	06/01	\$3,759
Apartment cleanings (21) for an employee	01/00-12/01	\$3,360
Flower arrangements (3) for families of employees	01/01-12/01	\$179

PROSPECT EXPENSES

Some Department of Commerce employees were reimbursed for "prospect expenses" when no economic development prospects were present. Also, we could not identify any legal authority for the department to fund state employees' meals when they are not traveling or to pay for meals in excess of state limits.

- # Commerce employees were reimbursed for meals in Columbia when they were meeting only with other Commerce employees.
- # Commerce employees who were not traveling were reimbursed for meals with staff from other state agencies and consultants to the department.
- # Commerce staff were reimbursed for meals with local government officials.

TRAVEL

STATE CONTRACT FOR AIRFARE

The department's expenditures for commercial airline tickets illustrate why a statewide contract for airfare would be beneficial. Commerce staff fly frequently and sometimes have to travel or change their plans on short notice. At these times, they pay high fares. The federal government and other southeastern states have contracts for airfare that increase convenience and result in significant savings. Because all of South Carolina state government spent more than \$8.3 million for airfare in FY 00-01, the potential for savings is great.

A LOUISIANA OFFICIAL REPORTED THAT BECAUSE
OF THEIR CONTRACTS THEY SAVE
\$4 – \$5 MILLION A YEAR IN AIRFARE.

HIGH-COST AIRFARES PAID BY COMMERCE		
DATE	DESTINATION*	FARE
09/99	Memphis, TN	\$813
05/00	Nashville, TN	\$830
09/00	Toronto, Ontario	\$1,283
09/00	Pittsburgh, PA	\$859
10/00	Los Angeles, CA	\$2,108
10/00	Chicago, IL	\$1,008
10/00	Detroit, MI	\$992
01/01	Montgomery, AL	\$824
01/01	Portland, OR	\$1,426
02/01	Philadelphia, PA	\$1,024

*All flights were round-trip from Columbia

LODGING

DEPARTMENT OF COMMERCE LODGING EXPENDITURES					
DATE	LOCATION	COST PER NIGHT*	NUMBER OF NIGHTS	FEDERAL LIMIT	% OVER FEDERAL LIMIT
07/98	Chicago	\$249	1	\$120	108%
03/99	Washington, DC	\$219	2	\$115	90%
04/99	Boston	\$275	1	\$105	162%
10/99	Los Angeles	\$245	5	\$95	158%
11/99	New York	\$390	2	\$195	100%
11/99	Las Vegas	\$305	3	\$55	455%
03/00	San Francisco	\$375	2	\$139	170%
06/00	Milan, Italy	\$757	1	\$144	426%
06/00	Paris, France	\$879	1	\$146	502%

*Cost does not include taxes

We did not identify material noncompliance with state law in a sample of the department's travel vouchers. However, lodging expenditures revealed an area where the state could exercise more cost-effective management. In contrast to other states and the federal government, South Carolina has no limits on reimbursements for lodging expenses. Commerce employees sometimes spent more than twice the federal limits for lodging.

Also, over a two-year period, the department paid more than \$20,000 for an apartment in Columbia for the Secretary of Commerce. This expense was not authorized by law.

DEPARTMENT OF COMMERCE AIRCRAFT

Commerce owns one aircraft and a fractional share of another. The department has not reported the full cost of operating and owning these aircraft. For its fully-owned aircraft, Commerce excludes personnel expenditures from cost per flight hour calculations. For both aircraft, the department excludes the ownership costs of depreciation and capital. We also identified some high-cost flights that indicate a need for the department to give greater attention to the use of its aircraft and consider less expensive alternatives.

- # In December 2000, the department spent more than \$5,300 in operating costs to fly an employee one-way from West Palm Beach, Florida, to Columbia.
- # In August 2001, the department spent more than \$33,000 in operating costs to fly two "confidential" passengers round-trip from Los Angeles, California, to Columbia.

FREEDOM OF INFORMATION ACT COMPLIANCE

The Department of Commerce adequately responded to citizens' requests for public information submitted from FY 96-97 through FY 00-01. Amendments to the Freedom of Information Act (FOIA) in 1998 required the department to disclose more information about incentives offered to prospective industries. However, there may be a need for increased disclosure.

Commerce does not disclose company-specific information regarding prospects that decide not to locate in South Carolina. Also, we found the department charged some requesters but not others for processing information requests.

CONTRACT MANAGEMENT

We reviewed a sample of the department's contracts for professional services and found that the required services were provided. While we did not find material problems with contract management, in some cases the department reimbursed its contractors for travel expenses that could be considered excessive. For example, the lodging rates shown in the table all exceeded federal per diem rates by at least 139%.

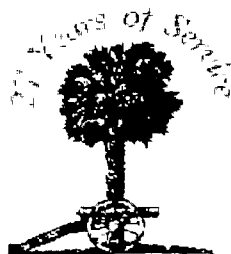
EXAMPLES OF CONTRACTOR EXPENSES		
EXPENSE	DATES	TOTAL COST
Four nights in a London, England, hotel	05/08/99 – 05/11/99	\$2,408
Two nights in a Milan, Italy, hotel	05/17/00 – 05/18/00	\$913
Four nights in a Paris, France, hotel	05/19/00 – 05/22/00	\$1,679
Four nights in a Maui, Hawaii, hotel	11/11/00 – 11/14/00	\$2,246
Round-trip plane ticket from Austin, TX, to Maui	11/11/00 – 11/17/00	\$3,363

LEASED VEHICLES

Commerce should monitor the cost of the cars it leases from the Budget and Control Board. In FY 00-01, the department spent 47¢ per mile for leased cars. It could have saved approximately \$60,000 if it had reimbursed its employees for the use of their own vehicles.

STATE AVIATION FUND

We found that expenditures from the department's state aviation fund were appropriate. This fund is used to pave runways and make airfield improvements to South Carolina airports. However, the ability to carry forward state appropriations for airport capital improvements is needed to complete ongoing projects.



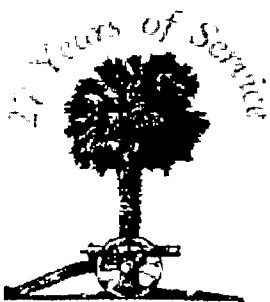
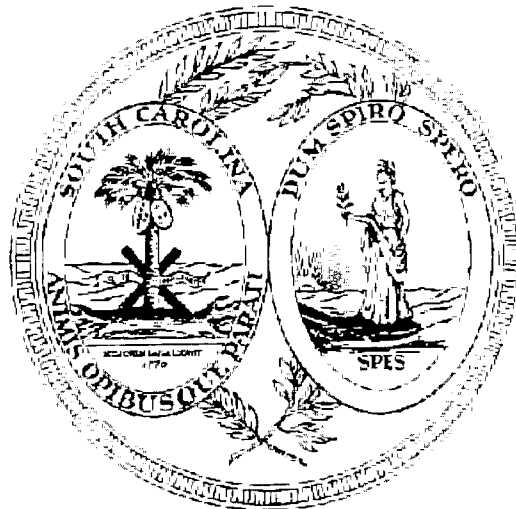
This document summarizes our full report, **An Administrative Review of the Department of Commerce**. A response from the Department of Commerce is included in the full report. All LAC audits are free of charge. Audit reports and information about the LAC are also published on the Internet at www.state.sc.us/sclac. If you have questions, contact George L. Schroeder, Director.

LAC

Report to the General Assembly

July 2002

An Administrative Review of the Department of Commerce



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Authorized by §2-15-10 *et seq.* of the South Carolina Code of Laws, the Legislative Audit Council, created in 1975, reviews the operations of state agencies, investigates fiscal matters as required, and provides information to assist the General Assembly. Some audits are conducted at the request of groups of legislators who have questions about potential problems in state agencies or programs; other audits are performed as a result of statutory mandate.

The Legislative Audit Council is composed of five public members, one of whom must be a practicing certified or licensed public accountant and one of whom must be an attorney. In addition, four members of the General Assembly serve ex officio.

Audits by the Legislative Audit Council conform to generally accepted government auditing standards as set forth by the Comptroller General of the United States.

Copies of all LAC audits are available to the public at no charge

An Administrative Review of the Department of Commerce
was conducted by the following audit team

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LAC

Report to the General Assembly

An Administrative
Review of the
Department of Commerce

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Synopsis

Members of the General Assembly requested that the Legislative Audit Council conduct an audit of the South Carolina Department of Commerce (Commerce). The review focused on whether the department's administrative expenditures have been reasonable and if controls were adequate to ensure appropriate accountability. We found that the department has not emphasized cost-effectiveness in its operations, and some expenditures of public funds were not authorized by law.

- ☐ In 2001 the department completed work on a \$1.9 million presentation center where information about South Carolina could be conveyed to industrial prospects using state-of-the-art audiovisual equipment. The agency had no formal budget for the project. When the General Assembly did not appropriate funds for the center, Commerce obtained funds from the Coordinating Council for Economic Development and the department's division of public railways.
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Introduction

Audit Objectives

Members of the General Assembly requested the Legislative Audit Council to conduct an audit of the Department of Commerce. The audit focused on whether the department's administrative expenditures have been reasonable and if controls were adequate to ensure appropriate accountability. Our audit objectives are listed below.

- ☐ Review the planning, procurement, cost and use of the Department of Commerce's new presentation rooms. Determine whether the expenditures were reasonable and whether more cost-effective alternatives existed.
- ☐ Review the purpose, legal authority, and uses of the Department of Commerce's Special Events Fund to determine its propriety.
- ☐ Determine whether the Department of Commerce has allocated nonappropriated state funds for purposes that are consistent with state law.
- ☐ Review travel by Department of Commerce officials from FY 96-97 through FY 00-01. Determine whether the department has complied with state law and has adequate cost controls.
- ☐ Review the use and cost of aircraft managed by the Department of Commerce from FY 96-97 through FY 00-01. Determine whether the department has managed this function effectively.
- ☐ Determine whether the Department of Commerce has used its exemptions to the Freedom of Information Act appropriately and allowed adequate public scrutiny to ensure accountability.
- ☐ Determine whether the Department of Commerce has appropriate controls over its expenditures for consultants and other contracted services.

Background

Created by the Government Restructuring Act of 1993, the Department of Commerce is comprised of the former State Development Board, the Aeronautics Commission, the Public Railways Commission, the Governor's Community Development Block Grant Program, the Savannah Valley Development Authority, and (since 1999) the State Film Office. The department also provides administrative support to the Coordinating Council for Economic Development. The department is headed by the Secretary of Commerce and is a part of the Governor's cabinet.

The primary mission of the Department of Commerce is economic development. The department focuses on job creation, capital investment, new industry locations, community and rural development, industry retention, and industry expansion.

In FY 00-01, the department's total expenditures were almost \$93 million, of which \$15.4 million (17%) was state general funds. Approximately \$71.8 million (77%) was distributed to government subdivisions. The average number of Commerce employees in FY 00-01 was 224 (including 16 temporary employees).

The department's main office is located in downtown Columbia. The aeronautics division is housed at Columbia Metropolitan Airport and the public railways division is located in Charleston. The department also has offices in Munich, Germany, and Tokyo, Japan.

Presentation Center

In 2001 the Department of Commerce completed work on a \$1.9 million "presentation center," where information about South Carolina could be conveyed to industrial prospects using state-of-the-art audiovisual equipment. We found little evidence that the department was concerned with cost-effectiveness throughout the planning and execution of this project. The agency had no formal budget for the project and purchased expensive furniture and added other unique items to impress prospects. The department also made decisions that increased costs, such as enlarging the size of the projection screens and purchasing equipment that has since been dismantled to perform video conferencing. As of early 2002, usage of the center has been limited, and the department has not marketed the facility for use by other agencies.

Background and Source of Funds

In 1999 the Department of Commerce began work on a presentation center where officials of companies being recruited to the state could view interactive presentations.

The department has a Geographic Information System (GIS), a computer system capable of assembling, storing, manipulating, and displaying information about specific geographical locations. The system can retrieve detailed data about potential industrial sites and allows Commerce to provide clients with timely, high-quality information. According to an agency official, the department's old presentation room was outdated, and they avoided showing clients presentations on the GIS. They wanted a facility that could effectively convey the high-quality data their GIS provides.

The presentation center was completed in August 2001. It has four presentation rooms and is approximately 3,000 square feet. The main room is a theater that seats twenty-five at conference tables and fifty in theater-style seating. The room has three large screens and is fully equipped for multipoint video and audio conferencing. It can accommodate any form of video media, such as domestic and international videotapes or DVD, and it is wired for computer-based presentations and Internet access.

The two smaller conference rooms are designed for smaller meetings and may serve as overflow for the larger room. Both rooms are wired into the computer network, have teleconferencing capabilities, and can receive the video conferencing feed and audio from the main theater.

There is also an internal preparation room that was designed for department staff to collaborate on presentations. The room contains a pair of computer servers and two 50-inch, wall-mounted plasma video screens.

The presentation center also contains a kitchen for light food preparation. The kitchen, which was included to accommodate lunches or after hour meetings, consists of a refrigerator, dishwasher, cabinets and warming plates

Planning

Although a department official made an informal cost estimate, Commerce did not have a formal budget for the presentation center. According to department records, the agency spent a total of \$1,808,084 on its presentation center as of December 5, 2001. This total included the construction, hardware and software, installation, and the furniture for the center. It did not include the three-year maintenance contract for the equipment, which would increase the total to approximately \$1,939,000.

Source of Funding

The General Assembly did not appropriate funds for the presentation center; therefore, Commerce obtained most of the funds from related entities that are part of the agency (see Table 2.1). In its FY 99-00 budget request the agency asked for \$600,000 in nonrecurring funds to completely renovate and equip a room for prospect presentations. Officials stated they did not have a state-of-the-art presentation center to show prospects the advantages of investing in South Carolina, and they were concerned that their competitors were far ahead of them in this respect. The General Assembly did not appropriate funds for the project, so Commerce obtained funds from other sources.

The largest source of funds was the department's Coordinating Council for Economic Development. The council is responsible for the allocation of financial incentives to improve infrastructure for the construction or expansion of industry in South Carolina. The coordinating council had received a supplemental state appropriation of \$30,712,450 in FY 96-97. There were no restrictions placed on the funds except that they be used "for economic development." In June 1999, the coordinating council agreed to give \$600,000 to the presentation center; officials expected the additional funds to come from private funding. The council agreed that should Commerce not be able to raise the funds from private donations it would contribute another \$600,000 towards the center. In September 1999, department officials told the council that because of the critical time frame it was necessary for the council to fund the entire project. The Secretary of Commerce said that the department would attempt to raise \$600,000 from private funds and as it received the donations the funds would be returned to

the council's account. The council agreed to contribute an additional \$600,000 for a total of \$1.2 million.

The second largest source of funds was the department's public railways division, which contributed \$800,000. The division's mission is to operate all state-owned rail facilities. The Secretary of Commerce stated that the railways division is under the Department of Commerce and its resources may be taken into consideration in funding anything that benefits the agency. When private funds were not donated for the project and the railways division had available resources, the secretary instructed that \$800,000 be transferred from railways to fund the presentation center.

An additional \$100,000 was contributed by a private company that provides wireless communications services. While we did not find problems with the legality of the funding for the center, the use of coordinating council and public railways funds for this purpose could be questioned as not central to the mission of these entities.

**Table 2.1: Funds Allocated for
Presentation Center**

SOURCE OF FUNDS	AMOUNT
S.C. Coordinating Council for Economic Development	\$1,200,000
S.C. Public Railways	800,000
Wireless communications company	100,000
TOTAL *	\$2,100,000

*Some funds from the presentation center account were spent for construction not related to the center

Source: Department of Commerce

Decisions That Increased Costs

The Department of Commerce wanted the presentation center to be "world class in every detail," from equipment to the room furnishings. The two primary components of costs for the center were the contracts for the equipment and construction. Both of these expenditures provide evidence that the agency's decisions about the center were not influenced by considerations of cost. The department spent over \$80,000 on video conferencing equipment that was unnecessary and has been dismantled. Commerce also increased the size of the projection screens, which significantly increased the cost of the construction contract. Furthermore, Commerce showed a disregard for cost in its selection of equipment and furniture.

Equipment

The Department of Commerce did not consider price when choosing a vendor to supply and install most of the equipment for the presentation center. It did, however, solicit and evaluate proposals from several companies. The department used four evaluation criteria to choose a vendor:

- Outline of solutions and methodologies to meet requirements
- Qualifications and experience of vendor in providing similar solutions or economic development organizations
- Client references
- Ability to provide technical support and repair service

Commerce officials stated they excluded price as one of the evaluating criteria because they were concerned primarily with getting a vendor capable of completing the project. Members of the department's selection panel did not receive any information about the costs of the proposals. They selected the winning vendor from three vendors that submitted proposals.

Even though the department removed price as one of the evaluation criteria, it still had the option to negotiate cost with the winning vendor. However, when a vendor was selected the department decided not to negotiate the price. The total cost of the contract was \$990,658.

As the agency got further into the project officials realized that they wanted to complete the entire center. The department purchased additional equipment by using a price-based competitive bid process. The total cost of these items was \$70,515. The vendor who was awarded the original contract bid on the additional equipment. It did not make the low bid for any item and was often the highest bidder.

Unused Equipment

The department spent more than \$80,000 for equipment and communication lines that have been disconnected. The presentation center has the capability to conduct multipoint video conferencing. Multipoint video conferencing occurs when multiple locations are called at once and all locations can view one another. Officials stated that the former chief of staff wanted in-house capability for multipoint video conferencing, so it became an important element of the center. In a memo dated May 30, 2002, a Commerce official stated that other options for this capability available at the time did not meet their needs because they required advance notice and were expensive. The department spent \$70,600 for the equipment which would allow it to make up to six calls at one time.

The department spent more than \$80,000 for equipment and communication lines that have been disconnected.

However, by early 2002 the department had not used the equipment for any meeting involving video conferencing. When faced with budget cuts, the department decided to disconnect the equipment to save telephone and maintenance costs. The installation of the 46 special lines necessary to support the multipoint video conferencing cost \$9,100, and had a monthly use fee of \$1,269. Officials stated they are negotiating with the technical college system to transfer the equipment to one of its locations.

The Department of Commerce now uses a bridging service to conduct its multipoint video conference calls. The agency pays a fee for each call to the company providing the bridging service. An official at Commerce said that most presentation facilities are using bridging services rather than providing their own multipoint video conferencing capabilities.

Unauthorized Procurement

The department violated the S.C. procurement code when it purchased \$70,886 in video editing equipment for the presentation center. The equipment was added because the department wanted to maintain a library of digital video. The equipment allows a standard video to be converted to a digital format, edited, and stored on a computer for retrieval. Commerce purchased the equipment from its primary equipment vendor. Since the equipment was not part of the original contract, the agency should have asked the Budget and Control Board to procure the equipment.

When we asked Commerce about the procurement, an agency official stated that there was confusion about when changes to the contract needed Budget and Control Board review. Subsequently, in March 2002 the department took action to obtain the board's retroactive approval of the procurement.

Furniture

Commerce showed a disregard for cost in its selection of furniture for the center. As shown in Table 2.2, the department selected expensive furniture. Total expenditures for furniture for the center were approximately \$139,000.

Table 2.2: Furniture Expenditures
for the Presentation Center

DESCRIPTION		COST PER ITEM	TOTAL COST
6	Lobby chairs	\$1,514 – \$1,883	\$10,079
40	Mid-back executive style chairs	\$1,217	48,694
8	High-back executive style chairs	\$1,446	11,569
10	Cherry tables 30 x 72	\$1,016	10,159
1	Credenza	\$2,169	2,169
1	Cherry fax machine cabinet	\$1,465	1,465
1	Table desk	\$2,174	2,174
TOTAL			\$86,309

Source: Department of Commerce

Construction

By the time the contract was complete, the price had increased by 80% to \$780,000.

The Department of Commerce also made some major improvements to its privately-leased office space to accommodate the presentation center. Since the agency's lease requires that the landlord handle all building improvements, the department had to go through its landlord to choose the contractor that would perform the construction. Two contractors submitted bids, and a panel comprised of the agency, landlord and its architect selected the higher bid. The original cost of the construction contract was \$434,397. By the time the contract was complete, the price had increased by 80% to \$780,000.

One costly decision altered the size of three projection screens in the main room. In the original plan the screens were six by eight feet; this size was chosen based on guidelines for determining optimum screen size according to the depth of the room. According to officials, the department changed the size of the screens because the former chief of staff wanted them larger. The increase in screen size to seven by nine feet required higher ceilings, which led to problems with the HVAC duct work and wiring and caused costs to escalate. According to a department official, the decision to increase the projection screen size by 25% was one of the leading causes of the cost increase in the construction contract.

There were other additions to the construction contract to improve the appearance of the center. Commerce spent \$5,400 to install white marble with black granite inserts in the lobby of the center. They also paid \$7,870 for elevator lobby trim surrounding the elevators, on the doors, and along the floor of the lobby. The main room has a remote controlled motorized drape system that cost \$6,131. Overall, the Department of Commerce spent almost \$800,000 renovating office space that is not state property.

Budget and Control Board Approval

Budget and Control Board staff must approve leases and renovation projects. Staff stated that by the time Commerce involved them in the construction project it had already completed much of the planning and was in the process of awarding the construction contract. An official from the board said that if they were brought in sooner they might have been able to help Commerce trim some of the costs. Another official could not identify any other project where such extensive renovations were completed on office space leased from a private vendor. Budget and Control Board officials stated that they would only give approval for the project if the department renewed its lease for the office space. The department renewed its lease of 60,005 square feet for seven years beginning July 1, 2002.

Use of the Center

The use of the Department of Commerce's presentation center has been limited. According to agency records, from August 2001 to February 2002, there were 41 meetings totaling 130.5 hours held for prospects. One department official noted that the minimal usage might have to do with the economy and the decline in prospects visiting the state. According to Commerce documents, there was a 41% decrease in prospect visits to South Carolina from August–December 2000 to August–December 2001.

According to Commerce officials, its staff has made little use of a room designed as an internal working space for Commerce employees. An employee of the agency estimated that the room has been used between 15–20 hours. The room's equipment and furniture cost at least \$56,000. This room may have been another area where the department's resources could have been saved.

The department has a policy for making the center, with its capabilities for audiovisual presentations and video conferencing, available to other government agencies and economic development organizations. However, the guidelines for the use of the presentation center by outside groups have the following restrictions:

- Rooms used for meetings that are not directly associated with economic development are subject to approval by the information technology director.
- Activities not directly related to prospect interactions are subject to cancellation at any time in favor of prospect presentations.
- Government agencies and economic development allies are charged a fee of \$150–\$225 per hour.

As of February 2002 there had been one meeting, which lasted a total of four hours, conducted by an outside agency. A Commerce official stated that the room has not been marketed to these groups because an increase in traffic at the center could hinder the Department of Commerce's mission

Recommendations

1. The Department of Commerce should carefully plan and budget for renovation projects. The department should purchase cost-effective items and comply with all applicable procurement laws and regulations.
2. The Department of Commerce should market the presentation center to other state agencies and make arrangements to ensure that these groups can be accommodated should a prospect want to use the facility at the same time.
3. The Department of Commerce should continue to maintain detailed records of the use of the presentation center by internal and external groups.

Special Events Fund and Prospect Expenses

Special Events Fund

To supplement its revenue, the Department of Commerce solicits contributions from businesses and other organizations, depositing the proceeds in a Special Events Fund. Out of this fund, Commerce has paid for economic development activities at special events such as the Heritage golf tournament, COMDEX information technology trade conferences, and Southeast United States (SEUS) trade conferences. Specific expenditures include receptions, meals, lodging, golf outings, and gifts to entertain economic development prospects. The department has also used the fund to pay for employee parties, picnics, lunches, dinners, and gifts. The solicitation of these funds may create a conflict of interest. Furthermore, some of the department's expenditures have violated state law.

Background

Commerce established the Special Events Fund in 1991 as an account with the State Treasurer and obtained an exemption from competitive purchasing requirements. The department has not received any other exemptions regarding the Special Events Fund. As a result, restrictions regarding the items that can be purchased with appropriated tax dollars apply to the Special Events Fund. Revenues from private sources become public when they are received by the department.

In 2000, fund revenues totaled \$663,955, including \$441,500 in contributions, while expenditures totaled \$464,871. In FY 2001, revenues totaled \$881,555, including \$587,000 in contributions, while expenditures totaled \$787,957. Revenues in addition to contributions included registration fees, corporate sponsorships, and funds transferred due to the closing of the department's Hong Kong office.

Solicitation of Contributions

Commerce officials have sent letters to potential donors asking for contributions of specific dollar amounts. In 2001, the amounts requested ranged from \$2,000 to \$50,000. This process creates a conflict of interest, because Commerce officials solicit contributions but also have the authority to influence public subsidies for contributors.

According to the department's management, "Commerce has no ability to provide 'subsidies' to contributors." However, in January 2002, the Department of Commerce awarded more than \$80 million in infrastructure grants to local government entities throughout South Carolina. State subsidies to local governments are often indirect subsidies for businesses.

The Secretary of Commerce is also the chairman and a voting member of the Coordinating Council for Economic Development, a related state entity staffed by Commerce employees. The Coordinating Council approves business and local government subsidies for items such as roads, water service, and sewer service, and also approves eligibility for business tax reductions. In addition, Commerce provides businesses with access to new customers. For example, a manufacturer recruited by Commerce could become a customer of a bank or utility that has contributed to the Special Events Fund. Finally, Commerce officials sometimes support legislation to expand economic incentives for businesses.

Because department officials have the authority to influence subsidies for businesses and local governments, there could be a perception that contributions to the department might affect the subsidies. Commerce officials reported that other states solicit contributions to pay for business recruitment and that South Carolina would be underfunded if it discontinued its solicitation of contributions. However, as noted in this report, Commerce has made questionable expenditures for a number of items, including its presentation center and travel, as well as employee parties, meals, and gifts (see Table 3.1). If the department had spent less in these areas, additional funds would have been available for business recruitment.

Expenses

A May 22, 1989, opinion of the South Carolina Attorney General stated that “... every expenditure of public funds must directly promote a public purpose.” This legal principal has been used repeatedly by the courts and the Attorney General in assessing the legality of various public expenditures in the state. Table 3.1 shows examples of Special Events Fund expenditures that may not directly promote a public purpose.

Table 3.1: Examples of
Questionable Expenditures

Some of the department's
expenditures have violated
state law

EVENT	DATE	AMOUNT
Dinner and alcohol for employee Christmas party	12/99	\$10,011
"Koozie bag" gifts for employee picnic	06/00	\$1,917
Food, alcohol, and facility rental for employee picnic	06/00	\$3,404
Division luncheon	08/00	\$191
Round-trip airfare to Orlando, Florida for employee's spouse	11/00	\$527
Lunch for employee training seminar	12/00	\$407
Sterling bracelet gifts for employee Christmas party	12/00	\$2,321
Travel alarm clock gifts for employee Christmas party	12/00	\$1,596
Entertainment for employee Christmas party	12/00	\$1,200
Christmas cards for employee Christmas party	12/00	\$772
Dinner and alcohol for employee Christmas party	12/00	\$9,741
Division luncheon	05/01	\$283
Food, alcohol, and facility rental for employee picnic	06/01	\$3,759
Apartment cleanings (21) for an employee	01/00–12/01	\$3,360
Flower arrangements (3) for families of employees	01/01–12/01	\$179

Source: Department of Commerce

It is not clear how the above expenditures directly promote a public purpose. The 1989 opinion stated that public funding of picnics and social events for governing body members and employees of a local government would be "improper." A May 21, 1993, opinion stated that "food for Christmas parties for university employees might well be in the same category of public fund expenditures discussed in the opinion[] dated . . . May 22, 1989." A September 12, 1995, opinion questioned the legality of using public funds for the sending of flowers.

In addition, State Comptroller General travel regulation 4 2.21 I.Q. states that, "[n]o reimbursement shall be made for meals within ten miles of an employee's official headquarters and/or residence." Each of the meals listed took place in the Columbia area.

Reforms

During our review of the department, the Governor created a Special Events Advisory Committee, comprised of academic and business professionals. The goal of the committee was to "establish guidelines and procedures for Special Events Fund expenditures."

In February 2002, the committee made recommendations, endorsed by the Governor, that expenditures from the fund be limited to special marketing events, economic development programs, prospect expenses, and ally development (i.e., meals and receptions for local economic developers, county and municipal officials, etc.). In May 2002, Commerce amended its written policies to reflect the recommendations of the committee.

Recommendations

4. The General Assembly should consider amending state law to prohibit the solicitation of contributions by the Department of Commerce
5. The Department of Commerce should ensure that its expenditures from the Special Events Fund are in compliance with state law and regulations

Prospect Expenses

Commerce employees have been reimbursed inappropriately for "prospect expenses," and we could not identify legal authority for some of these expenses. In our review we found that department employees were reimbursed for meals claimed as prospect expenses when no economic development prospects were present. Also, we could not identify any legal authority for the department to fund state employees' meals when they are not traveling or to pay for meals in excess of state limits.

The Department of Commerce's Travel and Expense Reimbursement Policies and Procedures Manual contains policies for reimbursing employees for the expenses incurred "while entertaining a prospect." The policies allow employees to be reimbursed for meals and other expenses such as flowers, golf green fees, and gifts purchased for prospects. In practice, employees are reimbursed for their own meals and entertainment in addition to those of the prospects, and the normal state meal limits do not apply. The policies require the employee to submit paid receipts with the prospect's or the project's name written on the receipts. After the expense request forms are approved by a division director, Commerce submits the requests for payment to the Comptroller General's office without the receipts. According to Comptroller

General and Commerce officials, the receipts are retained by the Commerce department to protect the confidentiality of the prospects. Under normal circumstances, state agencies submit documentation to the Comptroller General's office, which audits the payments to ensure they are appropriate.

Expenses Without Prospects

We reviewed a limited sample of prospect expense requests and the receipts associated with them and noted several problems. Employees were often reimbursed for expenses when there were no prospects present.

- Commerce employees were reimbursed for meals in Columbia when they were meeting only with other Commerce employees. The annotations on the receipts sometimes referred to what they discussed, such as "marketing program," or "miscellaneous projects."
- Commerce employees who were not traveling were reimbursed for meals with persons who were not prospects. Sometimes employees were reimbursed for a meal with other state employees, such as staff of the Governor's office or the Department of Revenue. An employee was reimbursed \$121 for lunch for Commerce administrative staff, a state procurement official, and contractors during the planning for the new presentation room (see p.3).
- Commerce staff were reimbursed for meals with local officials, such as county council members, park committees, and local development groups. These officials could be considered economic development allies, but were not prospects.

Many of the requests for prospect expenses were not properly documented. Some did not have receipts, and some of the receipts submitted were not annotated with the prospect's name or project, as required.

Legal Authorization for Employee' Meals

We could not identify legal authority for the Department of Commerce to pay for its employees' meals when they were not traveling or to pay in excess of state meal limits when they were. Provisos 72.36.1 in the FY 00-01 and FY 01-02 appropriations acts state that "no expense shall be allowed an employee either at his place of residence or at the official headquarters of the agency by which he is employed . . ." Section A of this proviso sets limits of \$25 and \$32 per day for meal reimbursements within and outside of South Carolina. The Comptroller General sets the policies implementing meal reimbursements. The only exception to the meal allowance, as well as the location requirements, allows employees to receive meals paid for with

public funds when they are not traveling if the meals are provided at statewide, regional or district meetings with 75% of those attending from other agencies or organizations. This circumstance would not cover most Commerce prospect entertainment

The Department of Commerce does not pay for its employees' meals with prospects as travel expenses. Rather, it pays for prospect expenses as promotional services, defined by the Comptroller General as expenditures for services to promote agency projects, including expenditures for industrial prospects. Promotional services are contractual expenses, defined in the Comptroller General's regulations as "all expenditures for services, *other than by officials and employees of the state* [Emphasis Added], which involved the use of equipment, materials, or commodities." These expenditures do not apply to state employees and appear to be valid for specific services rather than meals or meetings. It is not appropriate for the department to pay for its employees' meals as promotional services.

It is longstanding practice for the department to reimburse its employees for meals with prospects, and these meals may cost well in excess of state meal limits. For example, a meal claimed as prospect expenses in Columbia for three Commerce employees and two additional persons cost \$308 (or \$62 per person). According to officials, if they are with prospects, Commerce employees eat where the prospects want to eat and do not limit their expenditures. Although the meals may benefit the economic development goals of the department, state law does not appear to authorize Commerce employees to be reimbursed for their meals in situations that do not comply with state regulations.

Recommendations

- 6 The Department of Commerce should ensure that it has appropriate management controls over prospect expenses
- 7 The General Assembly should consider enacting legislation to clarify whether and under what conditions state employees may be reimbursed for meals and other expenses when entertaining economic development prospects

Travel

We reviewed the Department of Commerce's travel expenditures for FY 96-97 through FY 01-02. The department's overall expenditures rose during the period, reaching a high of \$1.2 million in FY 99-00 (see Table 4.1). We reviewed a sample of travel vouchers and found that Commerce generally complied with state travel law and regulations. However, the department, and perhaps all state agencies, could benefit from statewide management of lodging and airfare costs. We also found that Commerce could achieve savings by closely monitoring the costs of the state vehicles it leases.

Table 4.1: Department of Commerce Travel Expenditures, FY 96-97 Through FY 00-01

CATEGORY	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01
Meals	\$60,099	\$74,986	\$71,332	\$91,793	\$78,361
Lodging	166,604	201,622	205,315	367,518	237,582
Airfare	107,178	153,770	189,038	240,459	203,601
Auto mileage/leases	150,245	180,064	240,262	248,196	252,990
Registrations	103,702	104,485	117,859	118,725	115,021
Other*	51,403	64,134	84,309	150,471	98,287
TOTAL	\$639,231	\$779,061	\$908,115	\$1,217,162	\$985,842

*Other includes nonstate employee travel, other transportation, and miscellaneous travel expense

Source: Office of the Comptroller General.

Lodging Expenditures

We noted some cases in which Department of Commerce reimbursements for lodging expenditures could be considered excessive. South Carolina travel regulations do not limit the amount of reimbursement for lodging. Agency heads have the responsibility to determine that charges are "reasonable." The federal government limits its employees to lodging rates published annually by the General Services Administration for domestic travel and the State Department for foreign travel.

We reviewed lodging expenditures in a nonrandom sample of 39 Department of Commerce travel vouchers. For some of the most expensive lodging, we compared expenditures to the federal limits for these locations at the time of the trip and found that Commerce staff far exceeded the federal limits (see Table 4.2).

**Table 4.2: Comparison of
Commerce Lodging Expenditures
With Federal Limits**

DATE	LOCATION	COST PER NIGHT*	NUMBER OF NIGHTS	FEDERAL LIMIT	% OVER FEDERAL LIMIT
07/98	Chicago	\$249	1	\$120	108%
03/99	Washington, DC	\$219	2	\$115	90%
04/99	Boston	\$275	1	\$105	162%
10/99	Los Angeles	\$245	5	\$95	158%
11/99	New York	\$390	2	\$195	100%
11/99	Las Vegas	\$305	3	\$55	455%
03/00	San Francisco	\$375	2	\$139	170%
06/00	Milan, Italy	\$757	1	\$144	426%
06/00	Paris, France	\$879	1	\$146	502%

*Cost does not include taxes

Source: Department of Commerce, U.S. General Services Administration,
and State Department

Department of Commerce officials stated that they sometimes incur high lodging costs because they have to stay where the prospects are staying. However, the agency's documentation does not indicate whether prospects are staying at the same location, and in some cases, more cost-effective choices were available.

Commerce employees
sometimes spent more than
twice the federal limits for
lodging

The state of Louisiana limits the amount state employees can spend for lodging, based on the location. According to officials, its economic development agency has a waiver that allows staff, when it is necessary, to stay in the same location as a prospect. In these cases, employees may receive actual expenses up to 25% more than the state's maximum \$165 rate (\$206.25). North Carolina also has limits on the costs of lodging for state employees. Employees of the N.C. Department of Commerce may exceed these limits to receive the actual costs of lodging when they "are actually in company/traveling with client and not just calling on one or working on a particular project." This "with clients" status must be noted on their travel forms.

In our 1992 report, *Cost Savings for State Government: A Special Report*, we recommended that the General Assembly consider setting a limit on lodging reimbursement for both in-state and out-of-state travel. This could result in savings for all of state government. An exemption could be made for Department of Commerce staff when traveling in the company of a prospect.

Inappropriate Lodging Expense

The Department of Commerce paid for the Secretary of Commerce's apartment in Columbia as a travel expense. This expenditure was not authorized by law. Provisos 72.36 I in the FY 99-00 and FY 00-01 appropriations acts state that "No expense shall be allowed an employee either at his place of residence or at *the official headquarters of the agency by which he is employed* [Emphasis Added]" State travel regulations for lodging expenses interpreting this law provide that "no reimbursement for overnight accommodations will be made within fifty miles of the traveler's official headquarters" The official headquarters of the Department of Commerce is in Columbia. However, in January 1999, the Secretary of Commerce wrote to the agency's director of finance and audit stating, "I hereby declare that my official headquarters for the South Carolina Department of Commerce will be in Charleston, South Carolina." The law does not appear to allow for this interpretation. For FY 99-00 and FY 00-01, expenditures for the apartment totaled \$20,280. The department also paid cleaning expenses for the apartment (see p. 13).

Recommendations

8. The General Assembly should consider enacting limits for lodging reimbursements for state employees. Waivers could be granted when employees document that staying in more expensive lodging was necessary, as when traveling in the company of an economic development prospect.
9. The Department of Commerce should ensure that its employees incur reasonable costs for lodging and require documentation that their travel was in the company of an economic development prospect if lodging expenditures are higher than reasonable norms.
10. The Department of Commerce should comply with state travel regulations.

Contract Airfares

Another recommendation in our 1992 cost savings report was that the state should use its bulk purchasing power to seek contracts with airlines for discount airfares. In FY 00-01, South Carolina state agencies spent more than \$8.3 million in airfare. If the state had obtained discounts on airfares, a significant amount in air travel costs could have been saved. Department of Commerce expenditures for airfare illustrate some of the reasons why a state contract would be beneficial.

Obtaining contracts with airlines for discounted airfares has been a long-standing practice used by the federal government and other states to reduce their travel costs. The federal government and the southeastern states of Louisiana, Mississippi, and Georgia have contracts for airfare. The contracts are typically rebid annually and guarantee airfares that are less than standard coach fares between sets of paired cities, such as between Columbia and Washington, D.C. While some of the contracts require that the tickets be purchased from a specific travel agency, others have multiple vendors from which employees may purchase tickets. Airline contracts eliminate the following practices which can increase costs:

- Purchasing nonrefundable tickets (and paying fees to change an itinerary).
- Traveling with a "Saturday night stayover" (extra lodging and food costs) to obtain lower fares
- Paying a premium when airline tickets are not purchased well in advance of the flight

Department of Commerce staff sometimes have to travel on short notice. Also, sometimes their itineraries change because of factors not in their control. At these times, they must pay high fares for flights (see Table 4.3).

**Table 4.3: High-Cost Airfares Paid
by the Department of Commerce**

DATE	DESTINATION*	FARE
09/99	Memphis, TN	\$813
05/00	Nashville, TN	\$830
09/00	Toronto, Ontario	\$1,283
09/00	Pittsburgh, PA	\$859
10/00	Los Angeles, CA	\$2,108
10/00	Chicago, IL	\$1,008
10/00	Detroit, MI	\$992
01/01	Montgomery, AL	\$824
01/01	Portland, OR	\$1,426
02/01	Philadelphia, PA	\$1,024

*All flights were round-trip from Columbia

We reviewed the department's invoices for air travel and found evidence that staff often obtained reduced fare, nonrefundable tickets that are less costly. However, we also noted that Commerce staff sometimes spent Saturday night in the destination city, resulting in increased meal and lodging costs, as well as possible inconvenience to employees. Also, on several occasions the department was billed a \$75 or \$100 fee when its staff had to change travel arrangements.

A Louisiana official reported that because of their contracts they save \$4–\$5 million a year in airfare.

More data on what agencies are paying for flights is needed in order to project how much could be saved from state contracts for airfare. For federal FY 98-99, the federal government awarded contracts for almost 5,800 city pairs at a 70% discount from the full fare. A Louisiana official reported that because of their contracts they save \$4–\$5 million a year in airfare. They compare the state price with the refundable ticket price at the time of booking. These projections probably overstate the amount of savings that South Carolina could obtain because employees often fly at reduced-fare, restricted prices. However, even a 10% savings would result in more than \$800,000 for the state and offer other advantages as well.

In June 2001, staff at the Budget and Control Board conducted a study which determined that it would be beneficial for the state to proceed with a state contract for discount airfare. However, according to officials, budget cuts delayed their plans for soliciting airfare contracts, and they plan to proceed in the near future.

Recommendation

11. The General Assembly should consider directing the Budget and Control Board to contract for airfare for state agencies and employees. The board should develop data necessary to determine savings from the airfare contracts.

Leased Cars

The Department of Commerce has spent too much for the cars it leases from the Budget and Control Board. In FY 00-01, the department spent 47¢ per mile for the cars it leased. It could have saved approximately \$60,000 if it had reimbursed its employees for the use of their own vehicles instead of leasing cars.

In FY 00-01, the department leased 27 state-owned vehicles from the Budget and Control Board for a total leasing cost of \$182,907. The agency also paid \$22,535 to park the vehicles in the parking garage adjacent to the department's office. Since many of the vehicles were not heavily used, the department's cost per mile was 47¢. In FY 00-01, the state paid an average of 33.5¢ per mile to reimburse state employees for the use of their own cars (if a state vehicle was not available). If Commerce had reimbursed employees instead of leasing vehicles, it could have saved \$60,000.

While it might not be desirable or appropriate for the department to require employees to use their own vehicles for agency travel, it should review the cost of its leased vehicles and take action to reduce the cost per mile. In late 2001 the department discontinued its lease of three vehicles. Commerce could consider meeting more of its vehicle needs by leasing vehicles on a daily basis from the Budget and Control Board motor pool near its main office. Although daily leasing costs more per day than monthly leasing, the net cost could be less if the department did not use its vehicles regularly. Commerce should continue to monitor costs and reduce the cost per mile for vehicle travel.

Recommendation

- 12 The Department of Commerce should monitor its cost per mile for auto travel and take action to reduce this cost.
-

Department of Commerce Aircraft

In this section, we describe the Department of Commerce's operation of passenger transportation aircraft. We found that the department has not reported the full cost of operating and owning its aircraft. As a result, the public is less able to assess the cost-effectiveness of state officials' travel. In certain instances, the department has incurred high costs for travel on its aircraft.

Types of Aircraft, Operating Cost, and Usage

From July 1996 through December 2001, Commerce owned the following aircraft:

- A 1975 LearJet 35, sold in March 2000.
- A 1983 Beech King Air B200, sold in November 1997.
- A 1990 Beech King Air 350, purchased in December 1997.
- A 3/16 "fractional" share of a 2000 Hawker 800XP, purchased in June 2000 from Raytheon Air Travel. Under this contract, Commerce has agreed to pay monthly and hourly fees and other miscellaneous charges. In return, Raytheon picks up South Carolina officials on request, providing pilots, maintenance, etc. For a reduced hourly fee, South Carolina officials sometimes fly on Raytheon aircraft that are less expensive than the Hawker 800XP. In November 2001, due to less than expected aircraft usage under the contract, Commerce sold a 1/16 share back to Raytheon.

As of March 2002, Commerce owned the Beech King Air 350 and a 1/8 share in the Hawker 800XP. Only the King Air 350 is flown and maintained by Commerce staff. Table 4.4 contains our estimate of the operating cost of the department's aircraft for its primary users.

The primary users of Commerce aircraft were the department, the Office of the Governor, and the General Assembly. Commerce has not billed these agencies for flight services. From FY 96-97 through FY 00-01, the department received more than \$266,000 in payments for flight services from other agencies that are billed a portion of the cost.

Table 4.4: LAC Estimate of Department of Commerce Aircraft Operating Cost

AGENCY	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01	TOTAL	PERCENTAGE OF TOTAL
Department of Commerce	\$476,585	\$678,526	\$668,837	\$474,081	\$487,201	\$2,785,229	50.8%
Governor's Office	106,450	130,812	85,342	188,503	326,313	837,420	15.3%
Legislators	110,566	342,972	147,055	128,850	99,417	828,861	15.1%
Other State Agencies	234,304	264,859	242,259	213,559	71,543	1,026,525	18.7%
TOTAL	\$927,905	\$1,417,169	\$1,143,494	\$1,004,992	\$984,474	\$5,478,035	100.0%

Not included in this table are the ownership costs of aircraft depreciation and capital, which would have significantly increased costs. For example, in FY 00-01, adding ownership costs would have increased costs by more than 60% (see p. 25).

The FY 97-98 total includes a one-time payment of \$273,000 in pre-paid engine overhaul and repair services associated with the purchase of the department's King Air 350. The FY 97-98 total also includes \$100,000 to prepare the King Air B200 for sale and \$98,000 for interior painting and avionics equipment for the LearJet 35. The FY 98-99 total includes \$179,480 for a 12-year inspection of the department's LearJet 35.

Table 4.5 contains total flight hours and direct user flight hours flown on Department of Commerce aircraft. Direct user flight hours are the hours spent in the air by aircraft passengers and do not include "overhead flight hours" for pilot training, maintenance, and repositioning aircraft between assignments. Flight hours by Commerce have decreased in recent years.

Table 4.5: Hours Flown on Department of Commerce Aircraft

AGENCY	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01	TOTAL
Department of Commerce	221	202	248	219	179	1,070
Governor's Office	51	35	33	92	143	355
Legislators	54	97	57	60	55	323
Other State Agencies	114	73	93	105	39	424
Overhead	31	99	28	42	21	222
TOTAL HOURS	471	507	460	518	437	2,393
Direct User Hours*	440	408	432	476	416	2,171

* Total hours minus overhead

Cost Per Flight Hour Understated

The department understates the cost per flight hour of its aircraft. As a result, Commerce's cost calculations understate the extra cost of a trip on a Commerce aircraft vs. a commercial airline. In addition, Commerce does not report cost per flight hour calculations in its annual accountability report.

Operating Cost Per Flight Hour

Commerce excludes the cost of personnel when it calculates the operating cost per flight hour of its *fully-owned aircraft*. The department further understates the expense of operating its fully-owned aircraft by dividing its costs by "total flight hours" instead of "direct user flight hours." For its *fractionally-owned aircraft*, Commerce accurately calculates the total operating cost per flight hour, including personnel, by dividing payments to Raytheon Air Travel by direct user flight hours.

Table 4.6 contains a summary of operating costs per flight hour as reported by the department from FY 96-97 through FY 00-01. This is compared with our estimates of Commerce's total operating costs, including personnel, per direct user flight hour. Our estimates include costs in the years they were incurred. However, the costs would fluctuate less if agency officials allocated certain periodic maintenance costs over the relevant number of years.

Commerce's methodology significantly understates the department's operating cost per flight hour for the aircraft it operates.

Table 4.6: Operating Cost Per Flight Hour, Comparison of Commerce and LAC Estimates

	FY 96-97		FY 97-98		FY 98-99		FY 99-00		FY 00-01	
	COMMERCE	LAC*	COMMERCE	LAC*	COMMERCE	LAC*	COMMERCE	LAC*	COMMERCE	LAC*
LEARJET 35	\$959	\$2,317	\$1,402	\$3,006	\$1,803	\$3,482	\$1,019	\$2,370	NA	NA
KING AIR B200	\$535	\$1,933	\$1,219	\$2,964	NA	NA	NA	NA	NA	NA
KING AIR 350	NA	NA	\$531	\$4,715	\$726	\$2,106	\$713	\$1,978	\$807	\$1,814
RAYTHEON AIRCRAFT	NA	NA	NA	NA	NA	NA	NA	NA	\$3,877	\$3,877

*LAC estimates contain operating costs, including personnel, divided by direct user flight hours. See Tables 4.4 and 4.5

The department has not reported the full cost of owning and operating its aircraft

Ownership Cost Per Flight Hour

Commerce excludes aircraft depreciation and the cost of capital in its cost per flight hour calculations. Total depreciation and cost of capital in FY 00-01 were more than \$1,100 per flight hour for the King Air 350 and about \$2,800 for the Hawker 800XP. These ownership costs when combined with operation costs add more than 60% to the department's cost per flight hour. For a detailed description of the calculation of these costs, see Appendix B.

Federal Government Aircraft Cost Accounting

The Office of Management and Budget (OMB) requires that most federal agencies include specific items when accounting for aircraft costs.

OMB requires the recording of costs such as personnel, maintenance, fuel, insurance, depreciation, and cost of capital. Not all costs, however, are required to be used when justifying the use of government aircraft instead of commercial airlines or when establishing billing rates for nonagency users.

Nonmilitary, executive branch agencies are required to use OMB's methodology. Aircraft used in support of the President and Vice President are exempt.

Conclusion

If Commerce were to fully calculate and report the cost of operating and owning its aircraft, users would be better able to determine the cost-effectiveness of traveling on the department's aircraft instead of commercial airline or automobile. In addition, the public would be better able to assess the cost-effectiveness of travel decisions made by state officials.

High-Cost Flights

We reviewed a nonrandom sample of flights by Commerce staff or authorized by Commerce staff, primarily from FY 96-97 through FY 00-01. Table 4.7 contains a listing of high-cost flights, based on the department's flight records and LAC cost per flight hour calculations on page 24.

Table 4.7: Examples of High-Cost Flights

DATE	DESCRIPTION OF TRIP	AIRCRAFT	OPERATING COST*	OPERATING COST PER PASSENGER
07/08/98	One employee was transported round trip from Columbia, to Winston-Salem, NC	LearJet 35	\$4,875	\$4,875
09/21/98	One employee was transported from Columbia to Spartanburg to Mt. Pleasant. The pilot then flew back to Columbia without a passenger	King Air 350	\$3,580	\$3,580
08/16/99	An aircraft flew without a passenger to Charleston to pick up one employee, transported him to Columbia for a meeting, transported him back to Charleston, and returned to Columbia without a passenger	King Air 350	\$2,967	\$2,967
12/07/00	One employee was transported one-way from West Palm Beach, Florida to Columbia	Raytheon Contract	\$5,309	\$5,309
02/08/01	One employee was transported round trip from Charleston to Hilton Head Island	Raytheon Contract	\$2,476	\$2,476
02/12/01	Four employees were transported round trip from Columbia to Spartanburg	King Air 350	\$1,813	\$453
05/15/01	One employee was transported round trip from Asheville, NC, to Walterboro	Raytheon Contract	\$4,611	\$4,611
08/10/01, 08/16/01	Two "confidential" passengers were transported round-trip from Los Angeles, CA, to Columbia	Raytheon Contract	\$33,676	\$16,838

*Not included are the ownership costs of aircraft depreciation and capital (see p 25)

A department official stated that the cost of a flight, in certain instances, may be less important than saving time and/or giving a good impression to officials of a company considering South Carolina as a location. Nonetheless, the above flights indicate a need for Commerce to give greater attention to the use of its aircraft, with consideration for less expensive alternatives.

Recommendations

- 13 The Department of Commerce should include all operating and ownership costs when calculating and reporting its cost per flight hour. The department should include aircraft cost per flight hour data in its Annual Accountability Report.
- 14 The Department of Commerce should discontinue the use of its aircraft when less expensive alternatives are feasible.

Other Issues

Compliance With the Freedom of Information Act

The Department of Commerce adequately responded to citizens' requests for public information submitted from FY 96-97 through FY 00-01. In 1998, the General Assembly amended the Freedom of Information Act (FOIA), which required the department to disclose more information about incentives offered to prospective industries. We found that Commerce disclosed more information in response to requests made subsequent to the amendments. However, the department relied on the law as it existed when responding to requests for information that related to projects prior to the FOIA amendments. Also, Commerce does not disclose company-specific information regarding economic development prospects that decide not to locate in South Carolina. In addition, Commerce does not have a policy regarding fees charged to FOIA requesters and has charged some requesters but not others for processing requests.

Background and Amendments to the FOIA

The Freedom of Information Act, S.C. Code §30-4-10 *et seq.* governs which information must be disclosed by state agencies to the public. The act allows information about the state's economic development activities to be kept confidential in some circumstances. We found that South Carolina's FOIA laws are consistent with the disclosure requirements of other southeastern states.

The department has relied primarily on §§30-4-40(a)(1), (5), and (9) as a basis for denying information to requesters. For example, the department denied information regarding BMW and Michelin using these sections. Prior to the amendments effective June 12, 1998, the FOIA provided a blanket exemption for information related to the recruitment of industry to South Carolina. As a result of these amendments, Section 30-4-40(a)(5) requires disclosure of final contracts and documents that are "incidental to" those contracts entered into by the state, except to the extent that they contain "confidential proprietary information provided to a public body for economic development or contract negotiations." Currently, the department may exempt from disclosure trade secrets and "memoranda, correspondence, documents, and working papers relative to efforts or activities of a public body to attract business or industry to invest within South Carolina."

Sample Results

We reviewed 19 (24%) of the 78 FOIA requests submitted to the Department of Commerce from FY 96-97 through FY 00-01. Commerce adequately responded to the FOIA requests in our sample (see Table 5.1). For 17 (89%) of the 19 requests, Commerce responded within the 15-day time frame established by the FOIA.

**Table 5.1: Department of
Commerce Response to FOIA
Requests in LAC Sample**

COMMERCE RESPONSE	NUMBER OF REQUESTS
Disclosed all information requested	7
Disclosed some information requested	7
Denied request	5
TOTAL	19

The department provided more information to requesters regarding projects or expenditures after the FOIA was amended. For example, a requester was provided a copy of property appraisals relating to land purchased by the State for "Project Spider." The department also disclosed that the Coordinating Council for Economic Development approved an application by Spartanburg County for a \$500,000 grant for an extensive engineering study relating to an expansion by BMW.

In our review, we noted that the department did not limit its disclosure based on the source of funds. For example, Commerce provided a requester copies of itemized expenditures and reimbursements relating to the department's Special Events Fund.

However, Commerce has relied on the law as it existed when responding to requests for information that related to projects prior to the FOIA amendments. For example, in a response to an FOIA requester asking for copies of contracts and correspondence relating to BMW, the department's attorney responded:

Despite the increased disclosure requirements under section 30-4-40(a)(5) as amended, as a matter of law and policy, the Department of Commerce ('DOC') exempts from disclosure all information related to industrial recruitment prior to June 12, 1998 in accordance with the then existing law. DOC's position is that, absent express retroactive application by the General Assembly, the increased disclosure requirements provided for in the 1998 amendments apply prospectively as of the effective date of those amendments, or June 12, 1998.

According to a Commerce official, information regarding prospects that decide not to locate in South Carolina is not disclosed under current law.

Blue Ribbon Panel Recommendations

In 2001, the Governor created a "blue ribbon panel":

... for the purpose of reviewing and evaluating the policies of the South Carolina Department of Commerce related to the South Carolina Freedom of Information Act as well as making recommendations for changes to the Department's policies and/or applicable statutes.

The five-member panel included representatives of business, education, and economic development organizations. The panel recommended amending the FOIA to clarify that documents related to final financial commitments must be disclosed after announcement or execution of final agreements.

The panel further recommended that the department should have additional statutory reporting requirements related to all incentive and grant programs administered by the agency. These other programs include the Set Aside Program, the Community Development Block Grant Program, and the Tourism Infrastructure Fund. Commerce is already required by statute to report to the House Ways and Means Committee, the Senate Finance Committee, and the Budget and Control Board regarding the Enterprise Program, which includes job development credits and retraining credits. Furthermore, the department must provide a report to the Governor and members of the General Assembly on the activities of the State's Rural Infrastructure Fund.

Charges for Information

According to a department official, Commerce generally does not charge requesters for information. However, we found two instances where the department charged citizens for information. One requester was charged \$35, which included a \$15 administrative fee and \$1 per page for 20 copies. Another requester was charged \$77, which included \$37.50 per hour for two hours of staff time and \$2 for a compact disc. These charges were to convert the information provided to a different format. The law allows agencies to establish and collect fees "not to exceed the actual cost of searching for or making copies of records." If the department wishes to charge requesters for information, it should establish a written policy and apply the policy to all requesters.

Conclusion

We found no evidence that the Department of Commerce has not complied with the FOIA from FY 96-97 through FY 00-01. However, there may be a need for increased disclosure. Commerce will not disclose company-specific

information regarding prospects that decide not to locate in South Carolina. Moreover, the department relied on the law as it existed when responding to requests for information that related to projects prior to the FOIA amendments. The law requires disclosure of documents incidental to final contracts, but exempts "confidential proprietary information." These criteria are open to interpretation as to which documents are incidental to final contracts and those which contain confidential proprietary information. The General Assembly should ensure the FOIA requires that adequate information be provided to the public regarding the performance of the department while not compromising the ability of the state to compete in the recruitment of business prospects.

Recommendations

15. The General Assembly should consider adopting the recommendations of the 2001 blue ribbon panel regarding the Freedom of Information Act (FOIA).
16. If the Department of Commerce wishes to charge for information supplied in response to FOIA requests, it should develop a written policy regarding charges for these requests. The policy should be consistent for all requesters and types of information requested.

Contract Management

We reviewed a nonstatistical sample of eight Department of Commerce contracts from FY 96-97 through FY 00-01. The contracts were for professional services and included consultants that were involved in the recruitment of high-tech industries, coordination of foreign trips, streamlining of Commerce divisions, civil engineering projects, producing economic development studies, and scouting locations for films. We reviewed the work of the contractors and generally found that the contracted services were provided. While we did not find material problems with the department's management of the contracts, in some cases the department reimbursed its contractors for expenses that could be considered excessive.

One of the department's consultants was retained to plan and coordinate the logistics for overseas trips involving high-ranking state government officials. His responsibilities included taking advance trips to meet with prospects and representatives from restaurants and hotels. We found that cost-effectiveness was not a priority on these overseas trips. There was no evidence that the department gave the contractor budgets for the trips. Rather, the contractor

The department reimbursed its contractors for expenses that could be considered excessive.

suggested budgets that he thought appropriate for the advance trips and the actual missions.

The consultant, in his advance trips, went to the exact locations the group would be visiting and stayed in the same hotels. In one case, he selected a London hotel that cost \$702 for the first night. The consultant felt that this hotel was too expensive, so he located another hotel for the group that cost \$287 per night. However, he continued to stay at the expensive hotel for three more nights for a total cost of \$2,408.

There was another occurrence where a consultant flew first-class from San Jose, California to Salt Lake City, Utah, and then from Salt Lake City to Cincinnati, Ohio. The consultant's contract provided that expenses would be reimbursed in accordance with the applicable guidelines utilized by the agency. The state does not pay for first-class when domestic air travel is required, yet the department reimbursed the consultant.

Table 5.2 shows contractor expenditures that could be considered excessive. For example, the lodging rates shown in the table all exceeded federal per diem rates by at least 139%.

Table 5.2: Examples of Contractor Expenses

EXPENSE	DATES	TOTAL COST
Four nights in a London, England, hotel	05/08/99 – 05/11/99	\$2,408
Two nights in a Milan, Italy, hotel	05/17/00 – 05/18/00	\$913
Four nights in a Paris, France, hotel	05/19/00 – 05/22/00	\$1,679
Four nights in a Maui, Hawaii, hotel	11/11/00 – 11/14/00	\$2,246
Round-trip plane ticket from Austin, TX, to Maui	11/11/00 – 11/17/00	\$3,363

Source: Department of Commerce

Recommendation

17. The Department of Commerce should ensure that its consultants incur reasonable costs for expenses in the course of providing services to the agency.

State Aviation Fund

We reviewed the funding sources and expenditures of the state aviation fund administered by the Department of Commerce's division of aeronautics. The funds are used to pave runways and make airfield improvements to airports in South Carolina.

In FY 00-01 and FY 01-02, the aviation fund received \$500,000 in state appropriations. The fund also receives approximately \$600,000 each year from aviation gasoline tax revenues. Grants are supported with federal, state, and local funds. Since 1997, 66 grants have been supported by the aviation fund. Thirty-six (55%) of these grants have been funded in part by the federal government. According to a Commerce official, if the Federal Aviation Administration (FAA) awards a grant, 90% of the grant is funded by the federal government. The official stated that the aeronautics division generally funds half of the airport owner's required 10% of the grant amount.

Although we found the expenditures made from the fund were appropriate, due to the state's General Fund deficit in FY 00-01, these funds could not be carried forward. This resulted in the loss of approximately \$382,000 in FY 00-01. Because the funds were lost, the division discontinued awarding grants for airport capital improvements and funded grants awarded in prior years with FY 01-02 revenues. Airport projects funded may not be completed within a fiscal year.

Recommendation

- 18 The General Assembly should consider allowing the Commerce Department's division of aeronautics to carry forward any state appropriations for aviation grants.

Audit Scope and Methodology

The audit focused on administrative issues identified by the audit requesters and excluded review of other aspects of the department's work. We did not review the department's management of individual programs or program results and outcomes. The period of review was FY 96-97 through FY 00-01, with focus on more recent periods in some areas.

We conducted interviews with Department of Commerce employees and employees of other state agencies. We contacted economic development and administrative officials in other states and reviewed their laws and policies. We reviewed records at the Department of Commerce and the Budget and Control Board as listed below.

- Accounting records and expenditure reports
- Procurement records
- Personnel records
- Agency contracts
- Flight records
- Vehicle records
- Records of meetings and correspondence
- Agency reports and plans

LAC staff also reviewed audits and management reports concerning the Department of Commerce. We measured the department's performance in complying with state laws and regulations and assessed management controls over expenditures and contractor performance.

The auditors used limited nonstatistical samples as described in the audit report. We conducted some limited tests of automated data produced by the agency that were used in the report; however, the reliability of this data was not central to our audit objectives. This audit was conducted in accordance with generally accepted government auditing standards.

Methodology for Determining Aircraft Ownership Costs

Commerce owns a 1990 Beech King Air 350 and a fractional share of a 2000 Hawker 800XP. For FY 00-01, we calculated the ownership costs of depreciation and capital for each aircraft.

Depreciation

Aircraft values can be estimated by consulting the *Aircraft Bluebook – Price Digest* or other recent sales price data. In FY 00-01, the market value of Commerce's King Air 350 decreased from about \$3.13 million to about \$2.98 million or \$490 per flight hour. The market value of the department's 3/16 fractional share of a Hawker 800XP decreased from about \$2.33 million to about \$2.17 million or \$1,490 per flight hour. It is important to note that, in some years, aircraft may have minimal depreciation or may appreciate.

Cost of Capital

A conservative measure of Commerce's cost of capital for aircraft is the interest the state has foregone by using its funds to own aircraft. The South Carolina State Treasurer reports earning about 6.5% interest in FY 00-01 in a portfolio that included treasury securities, federal agency securities, and high-quality corporate bonds. In FY 00-01, Commerce's King Air 350 had an average market value of about \$3.06 million, incurring a conservative cost of capital of \$199,000 (6.5% X \$3.06 million) or \$650 per flight hour. In the same year, the department's 3/16 fractional share of a Hawker 800XP had an average market value of about \$2.25 million, incurring a conservative cost of capital of \$146,000 or \$1,300 per flight hour.

Agency Comments

Appendix B
Agency Comments



South Carolina

DEPARTMENT OF COMMERCE

For Engey
Coversed

Ch. De. W. H.
Sec. 610

July 3, 2002

Mr. George L. Schroeder
Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

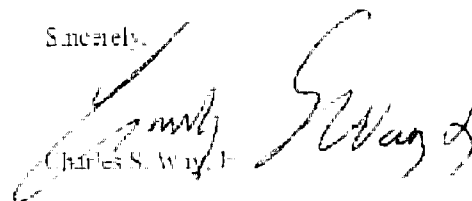
Dear Mr. Schroeder:

Enclosed please find a copy of the Final Response by the South Carolina Department of Commerce to the Legislative Audit Council Report.

We appreciate the opportunity to share our comments with you and wish to thank your staff for the professionalism and courtesy they demonstrated to the Department of Commerce throughout the audit process.

If you have any questions concerning this response, please do not hesitate

Sincerely,


Charles S. Wynn, Jr.

to contact me or, if I am unavailable, our legal counsel Karen Manning.

CSWjr/km

Enclosure

**FINAL RESPONSE
BY
SOUTH CAROLINA DEPARTMENT OF COMMERCE
TO
LEGISLATIVE AUDIT COUNCIL REPORT**

During the past several months, the Legislative Audit Counsel (LAC) has worked cooperatively with the Department of Commerce to evaluate the agency's current and past operating practices. During their evaluation, the members of the LAC team examined hundreds of records, took the time to learn our business, and exhibited the utmost professionalism and courtesy. Out of the LAC's review came a wide variety of recommendations, most of which echo Commerce's current direction and thought.

The Department of Commerce's goal throughout this process has been to enhance the agency's ability to promote economic growth and prosperity in South Carolina while operating within the framework of state government and being fully accountable to the public. We believe that, with the LAC's help, the Department of Commerce has not only achieved that goal, it has also become a better- managed and more efficient agency.

Recommendations 1 through 3

- 1 The Department of Commerce should carefully plan and budget for renovation projects. The Department should purchase cost effective items and comply with all applicable procurement laws and regulations*
- 2 The Department of Commerce should market the presentation center to other state agencies and make arrangements to ensure that these groups can be accommodated should a prospect want to use the facility at the same time.*
- 3 The Department should continue to maintain detailed records of the use of the presentation center by internal and external groups*

The Department of Commerce agrees with these recommendations and intends to budget for future renovation projects carefully, comply with all applicable procurement laws and regulations, and continue to maintain detailed records regarding use of the presentation center. The agency has already changed its policy regarding use of the center by other state agencies in a manner consistent with Recommendation 2

Recommendation 4 and 5

- 4 The General Assembly should consider amending state law to prohibit the solicitation of contributions by the Department of Commerce.*
- 5 The Department of Commerce should ensure that its expenditures from the Special Events Fund are in compliance with state law and regulations.*

The Department of Commerce agrees that all expenditures from the Special Events Fund should be in compliance with state law and regulations. To that end and based on recommendations by the Special Events Fund Advisory Committee appointed by the Governor, the Department of Commerce has put formal guidelines and procedures in place governing Special Events Fund expenditures and will comply with those guidelines and procedures. Now that the formal guidelines and procedures are in place, the agency will complete annual independent financial and compliance audits of the Special Events Fund starting this year to supplement the financial audit already completed for 2001.

The Department of Commerce respectfully disagrees with Recommendation 4, which is based on the premise that all contributions to the Special Events Fund create a conflict of interest because the Department of Commerce, through the Coordinating Council for Economic Development, has the authority to influence whether infrastructure grants are made to local governments, which in turn may indirectly benefit a private business. Inherent in the LAC's premise is the assumption that contributors to the Special Events Fund, which has been in existence since 1991, expect some kind of *quid pro quo* for their contribution.

This assumption is simply inconsistent with the facts. Economic development is the tide on which all ships rise. If the economy grows, there is more business for everyone involved in the economic development process and a broader tax base to spread the burden of funding state and local government services. In a stagnant economy, our economic development allies, like banks, law firms, contractors, and others, can only grow their business by taking business away from competitors. At the same time, South Carolina companies have to shoulder a greater share of the state and local tax burden. Accordingly, companies and allies contribute to the Department of Commerce in order to support the state's economy, not because of an expectation of any kind of direct or indirect payback. When Commerce wins and the economy improves, everybody wins.

The solicitation and use of private funds to support economic development is a long-standing practice in all of the states that compete with South Carolina for economic development projects. Eliminating the ability of the Department of Commerce to raise private monies will place our state at a serious competitive disadvantage. On the other hand, allowing the private sector to support entertainment of prospects and allies makes good business and political sense. Why ask taxpayers to pay for prospect entertainment and ally development activities when the business community is willing to support them? Accordingly, we believe that the Special Events Fund is a valuable resource for South Carolina that should be retained.

Recommendations 6 and 7

- 6 The Department of Commerce should ensure that it has appropriate management controls over prospect expenses.

7. *The General Assembly should consider enacting legislation to clarify whether and under what conditions state employees may be reimbursed for meals and other expenses when entertaining economic development prospects.*

The Department of Commerce agrees with these recommendations and has no objection to legislative clarification regarding when state employees may be reimbursed for expenses associated with economic development prospect entertainment.

Recommendations 8 through 10

8. *The General Assembly should consider enacting limits for lodging reimbursements for state employees. Waivers could be granted when employees document that staying in more expensive lodging was necessary, as when traveling in the company of an economic development prospect.*
9. *The Department of Commerce should ensure that its employees incur reasonable costs for lodging and require documentation that their travel was in the company of an economic development prospect if lodging expenditures are higher than reasonable norms.*
10. *The Department of Commerce should comply with state travel regulations.*

The Department of Commerce fundamentally agrees with these recommendations and has no objection to legislation that would limit lodging reimbursements for state employees provided that waivers to the limits could be made when the necessity for lodging that exceeds these limits is adequately documented. With regard to Recommendation 10, while the Department of Commerce intends to comply with all laws and regulations governing state travel, the agency also intends to seek legislative clarification regarding when an agency head can be reimbursed for overnight lodging.

The LAC interprets state law to prohibit the reimbursement of overnight lodging for the Secretary of Commerce within 50 miles of Columbia. This interpretation means that the Secretary of Commerce, a volunteer, must be willing not only to work for free, but also to subsidize the state for overnight lodging costs. Alternatively, the Secretary must commute 244 miles to and from his home in Mount Pleasant each day he spends in Columbia at agency headquarters. Neither result makes sense.

The bottom line is that overnight lodging expenses for an out-of-town Secretary of Commerce are necessary and appropriate. After concluding that leasing an apartment for the Secretary would be more cost-effective than renting a hotel room two or three nights weekly, the Department of Commerce sought and obtained prior written approval from the State Budget and Control Board, the Governor's Office, and the State Ethics Commission. Therefore, the Secretary and the Department of Commerce assumed that leasing an apartment under these specific circumstances was in full compliance with all applicable state laws and regulations. In

light of what appear to be differing interpretations regarding whether state law permits reimbursement for these expenses, the Department of Commerce will seek legislative clarification from the General Assembly.

Recommendation 11

- 11 *The General Assembly should consider directing the Budget and Control Board to contract for airfare for state agencies and employees. The board should develop data necessary to determine savings from the airfare contracts.*

The Department of Commerce agrees with this recommendation and would welcome any cost savings realized from a Budget and Control Board contract governing airfare for state employees.

Recommendation 12

- 12 *The Department of Commerce should monitor its cost per mile for auto travel and take action to reduce this cost*

The Department of Commerce agrees with this recommendation and has been monitoring costs related to the agency's automobile fleet. Because of declining usage over the last 18 months, the Department of Commerce has already reduced the agency's fleet by three cars, two of which were turned in a year ago. The agency continues to monitor and evaluate usage on an ongoing basis.

Recommendation 13

- 13 *The Department of Commerce should include all operating and ownership costs when calculating and reporting its cost per flight hour. The department should include aircraft cost per flight hour data in its Annual Accountability Report*

The Department of Commerce agrees with this recommendation. The agency's Finance Division, rather than the Aeronautics Division, will assume responsibility for calculating and reporting cost per flight hour for agency aircraft and will include that data in the agency's Annual Accountability Report.

Recommendation 14

14. *The Department of Commerce should discontinue the use of its aircraft when less expensive alternatives are feasible.*

Fundamentally, the Department of Commerce does not disagree with the LAC's recommendation to drive or fly commercially rather than use the state plane when feasible to do so without compromising time spent with prospects. Prospects usually determine the mode of transportation required based on their own time constraints. For example, if a prospect from

Flint, Michigan wants to visit two or three potential project sites in South Carolina to determine whether our state will make the company's short list, but is unwilling to devote more than one full day for the visit (which is often the case), it would take at least two and possibly three commercial flights in each direction. The obvious result is that the prospect would spend the whole day on planes and in airports. Clearly, even though more costly, directing the state plane to pick the prospect up and fly directly to view sites in South Carolina makes smart business sense.

Recommendation 15

15. *The General Assembly should consider adopting the recommendations of the 2001 blue ribbon panel regarding the Freedom of Information Act (FOIA).*

The Department of Commerce has already embraced the recommendations of the Governor's Blue Ribbon Panel, which clarify disclosure obligations related to economic development activities under existing law. The Department of Commerce also supported H.4808 introduced by Speaker Wilkins during the 2002 legislative session, which proposed to codify the Blue Ribbon Panel's recommendations. Accordingly, the Department of Commerce has no objection to adoption by the General Assembly of these recommendations during the 2003 session.

Recommendation 16

16. *If the Department of Commerce wishes to charge for information supplied in response to FOIA requests, it should develop a written policy regarding charges for these requests. The policy should be consistent for all requesters and types of information requested.*

While the Department of Commerce has no formal policy regarding charges for responding to FOIA requests, the agency's unwritten policy has always been to provide information to requestors free of charge. The agency has deviated from this informal policy on occasion when circumstances justified a reasonable charge for copies or the administrative time spent responding to a particular request. While the Department of Commerce is reluctant to charge a fee for all FOIA requests, we will evaluate the need to develop such a policy based on the LAC's recommendation.

Recommendation 17

17. *The Department of Commerce should ensure that its consultants incur reasonable costs for expenses in the course of providing services to the agency.*

The Department of Commerce agrees with this recommendation and will ensure that all agency consultants and employees will incur reasonable costs for expenses.

Recommendation 18

- 18 *The General Assembly should consider allowing the Commerce Department's division of aeronautics to carry forward any state appropriations for aviation grants*

The Department of Commerce agrees that the ability to carry forward state aviation grant funds is essential to maintain the integrity of the aviation grant program, and accordingly, has already sought and obtained an amendment to Part IB proviso 27.16 during the 2002 legislative session that enables carry forward of these funds.

The Budget and Control Board reviewed
“Contract Airfares” on pp. 19 – 21 of the report.

— STATE OF SOUTH CAROLINA —
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

EDMUND S. SULLIVAN
GOVERNOR

GRADY L. PATTERSON III
STATE TREASURER

JAMES C. LANDER
COMPTROLLER GENERAL

JOHN C. TEATHERMAN, JR.
LEGISLATIVE BUDGET CONTROL COMMITTEE

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EXECUTIVE DIRECTOR

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FAX: (803) 734-2117

July 9, 2002

Mr. George Schroeder
Director
Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, SC 29201

Re: *An Administrative Review of the Department of Commerce*
Recommendation Regarding a State Contract Airfares

Dear George:

Thank you for the opportunity to comment on your report of the Department of Commerce. As only one item in the report addresses the Budget and Control Board, my comments will be limited to your recommendation that "The General Assembly should consider directing the Budget and Control Board to contract for airfare for state agencies and employees."

I have reviewed with Board staff the activities undertaken by the agency since the 1980s to put in place a contract airfare rate for state agencies. It is important to note that the members of the Budget and Control Board set broad policy for the state and are not involved in the daily administrative tasks of the agency that are the subject of this issue.

As most private passengers quickly discover, South Carolina and Columbia suffer from limited air service. Our ongoing analysis of this market indicates that states with large metropolitan areas and major airline hubs have had the most success negotiating discounts.

In the mid-1980s, the Board's Materials Management Office established a statewide term contract with a commuter airline, Freedom Airlines, for discount flights from Columbia to Washington, D.C. However, the contract ended after a year when the airline went into bankruptcy.

On four separate occasions from 1992-95, MMO solicited bids for airline transportation. In three cases, no airlines submitted a bid. In 1995, only one response was received. This proposal was from Air South, the startup airline largely funded with public grants in an effort to alleviate the state's air travel shortage. However, Air South's bid was higher than rates available on the open market and no award was made. Air South went out of business in 1997.

MMO revisited the airline contract idea in 1998, which included talks with a number of airline officials. The decision was made not to proceed with a solicitation. A key reason for this decision was that Delta, South Carolina's major carrier, would have required the state to create a central state government travel office or contract with one travel agency for all state business before they would even bid for a contract.

As you noted in your report, the staff of the Budget and Control Board again evaluated the potential for a successful solicitation for discount airfares in 2001. Of the five airlines with flights out of Columbia, two offer discount fares to certain destinations with stipulations. These discounts can be received simply by asking for them when making reservations and information about how to obtain them has been posted on the MMO website used by state agency procurement officials. Continental, Delta and US Airways do not offer discounts but said they would be willing to look at the state's specifications to determine if they would submit a bid.

Originally, MMO had hoped to issue a solicitation last fall. However, the extensive deadlines and demands of issuing procurements to establish the South Carolina Education Lottery required a delay in airline procurement process. We have now obtained the solicitation documents from Georgia, Mississippi, Louisiana, Texas and Utah, all of which have successful contracts for discount airfares. We are currently developing a request for proposals incorporating the best solutions from those solicitations. The solicitation is expected to be advertised within the month. We hope that market conditions will have improved and that it will be possible to put in place a contract that will save money for state agencies.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Fusco", written in a cursive style.

Frank Fusco

An Administrative Review of the Department of Commerce (July 2002)

BACKGROUND

The 2002 audit of the Department of Commerce was prompted by concerns about the department's management of its resources. The audit focused on whether administrative expenditures had been reasonable and whether internal controls were adequate to ensure accountability. We did not review the department's management of economic development activities or program results.

Our objectives included a review of the department's new presentation facility, use of its Special Events Fund, expenditures for travel and entertaining economic development prospects, compliance with the Freedom of Information Act, and contract management. Since the audit, a new Secretary of Commerce has been appointed and the agency has reduced its staff and budget significantly.

In our July 2002 audit of the Department of Commerce, we made recommendations to the Department of Commerce and the General Assembly. In our follow-up, we found that both the department and the General Assembly have implemented some recommendations but not others. Below we indicate the extent to which our recommendations have been implemented in areas such as the solicitation and expenditure of contributions to the Special Events Fund, the entertainment of economic development prospects, employee lodging, and the use of aircraft.

PRESENTATION CENTER

In 2002, we found that Commerce had not emphasized cost-effectiveness in its operations, and some expenditures of public funds were not authorized by law. The department completed work on a \$1.9 million audio-visual presentation center in 2001. Included in this cost was more than \$800,000 for renovating office space that was not state property. The agency had no formal budget for the project, and made decisions on equipment, furniture, and construction that significantly increased the center's cost. The use of the center was limited.

In our follow-up, we found that the department has made the presentation center more available to outside agencies. The department has solicited proposals from private companies to both market and manage the center. We also found that the department took cost into consideration when it made \$60,000 in building renovations in 2003 as a result of consolidating its office operations into fewer square feet.

SPECIAL EVENTS FUND

In 2002, we found that the department's solicitation of contributions from businesses and other organizations for a Special Events Fund created a conflict of interest, because Commerce officials have the authority to influence public subsidies for those organizations. State law requires public expenditures to directly promote a public purpose. We found that some Special Events Fund expenditures for parties, picnics, lunches, dinners, and gifts for department employees were inappropriate uses of public funds and violated state law.

In our follow-up, we found that the General Assembly has not amended state law to prohibit the solicitation of contributions by Commerce. The department reports that it stopped soliciting contributions for its Special Events Fund following the 2002 LAC audit. Revenues of the fund declined from more than \$880,000 in 2001 to \$166,000 in 2003. According to a department official, they have not eliminated the possibility of soliciting contributions in the future. Also, in a limited review of Special Events Fund expenditures made by the department in 2003, we found no expenditures that were materially inconsistent with state law.

TRAVEL EXPENSES

In 2002, we did not find material noncompliance with state travel regulations, but the department's travel expenditures highlighted ways the state could save money.

PROSPECT EXPENSES AND MEALS

In 2002, Commerce did not have adequate controls over funds spent to entertain economic development prospects, and we could not identify legal authority for the department to reimburse employees for meals when they were not traveling or to pay for meals in excess of state limits.



METHODOLOGY

We reviewed information from the Department of Commerce and interviewed officials regarding the implementation of our recommendations. We also conducted limited samples of expenditures from the Special Events Fund, employee travel, prospect expenses, and agency flight records. We verified evidence supporting the department's information as appropriate.

FOR MORE INFORMATION

Our full report, its summary, and this document are published on the Internet at

www.state.sc.us/sclac

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George L. Schroeder
Director

In our follow-up, we reviewed a limited sample of the department's expenditures for entertaining economic development prospects and found that the department had improved its management controls. However, with the approval of the Comptroller General, Commerce employees were still being reimbursed for meals in Columbia (department headquarters) and near their homes when the purpose of the meal was to entertain economic development prospects. The cost of some meals exceeded state cost limits. The General Assembly has not amended state law to specifically address whether these meals should be allowable expenses when entertaining economic development prospects.

LODGING EXPENSES

In 2002, we found that, in contrast to other states and the federal government, South Carolina had no limits on reimbursements for lodging expenses. Commerce employees sometimes spent more than twice the federal limits for lodging. If South Carolina adopted the federal limits, it would avoid the expense of developing and updating its own.

In our follow-up, we found that the General Assembly has not amended state law to establish per night lodging limits for state agencies. In a limited review of lodging expenditures made from January 2003 through September 2003, we found that the department's employees sometimes exceeded the maximum amounts allowed by the federal government for its employees.

AIR TRAVEL

In 2002, we found that state government could obtain savings by contracting with airlines for discount airfares. We also found that Commerce was not reporting the full cost of operating and owning its aircraft. Some high-cost flights indicated a need for the department to consider less expensive alternatives.

In our follow-up, we found that the General Assembly has not amended the law to require the state to contract with airlines. Commerce has not changed its methodology for calculating the cost per flight hour of its aircraft to fully capture all operating costs as well as depreciation and the cost of capital. The department also has not reported cost per flight hour data in its annual accountability report.

Also, we found several instances where Commerce aircraft flew to Charleston to either pick up or drop off the Secretary of Commerce, who has a home in nearby Mount Pleasant. For example, on March 10, 2003, an aircraft flew without a passenger from Columbia to Charleston to pick up the secretary, flew him to Aiken, then flew him back to Charleston, and returned to Columbia without a passenger. A conservative estimate of the cost of this flight is \$3,600, excluding depreciation and the cost of capital. The department stated that such travel is sometimes required to ensure the secretary's attendance at significant meetings.

AUTOMOBILE TRAVEL

In 2002, we recommended that Commerce reduce the cost per mile for the vehicles it leases. In our follow-up, we found that department officials had reduced the number of cars they lease from 24 in July 2002 to 8 in December 2003.

FREEDOM OF INFORMATION ACT

In 2002, we found that Commerce adequately responded to citizens' requests for information, but recommended that the General Assembly consider amending the law to allow for increased disclosure of economic development incentives.

In our follow-up, we found that the General Assembly amended state law in 2003 to require the department to disclose economic development incentives and their fiscal impact after the company receiving the incentives agrees to locate in a South Carolina jurisdiction and a public announcement has been made.