

# Metro & State

## INSIDE

Legislative news 3  
Science/Medicine 6,7  
Obituaries 8,9

SECTION B

THE ATLANTA CONSTITUTION

★ TUESDAY, FEBRUARY 20, 1990

## Audit: City money diverted to corrections fund

By Mark Sherman  
Staff writer

The Atlanta Corrections Bureau improperly spent thousands of public dollars that were diverted into a special fund controlled by embattled Director J.D. Hudson, according to city finance officials.

Money that should have gone

into the city treasury was funneled to the Corrections Officers Benevolent Fund for at least five years and possibly as long as 14 years, said the officials, who requested anonymity.

They said an audit of the fund shows the bureau spent more than \$17,000 in 1988 and nearly \$9,000 in 1989 for registration fees in professional organizations,

printing, employee advances and unspecified petty cash purchases.

Use of the fund was curtailed last year amid a police investigation of possible misuse of public funds by Mr. Hudson. The audit, which is ongoing, was undertaken as part of the investigation.

The corrections fund was supposed to draw its revenues from two cigarette vending machines

at the Key Road prison farm, under a 1975 Atlanta City Council resolution. However, the audit found that the corrections bureau used revenues from additional vending machines at the prison farm and the Pretrial Detention Center as well as rent from three city-owned houses to replenish the fund, officials said.

Neither Mr. Hudson, who said

he inherited the fund when he became prison director in 1971, nor his boss, Public Safety Commissioner George Napper, would say Monday exactly what the fund was intended for. Mr. Napper said the purpose of the fund was an unresolved question in the probe of Mr. Hudson.

Auditors examined financial records for 1988 and 1989 only,

and uncovered no evidence that Mr. Hudson or his employees personally benefited from the fund, officials said.

"We would have been much more concerned if there were indications of personal gain," one official said.

Mr. Hudson, named Correc-

Please see **AUDIT, B8** ▶

# Audit: Thousands put in fund

► Continued from B1

tions Director in 1974 by Mayor Maynard H. Jackson, denied that he or his employees broke any rules, but he refused to discuss details of the audit, citing the ongoing investigation.

The audit does not name Mr. Hudson, officials said. It says only that the bureau violated several provisions of the city code.

Mr. Hudson, a 40-year public safety veteran, announced his retirement in December. He recently received permission from May-



**J.D. Hudson**

or Jackson to retract his retirement letter.

Mayor Jackson declined comment on the audit. "I made it clear when he un-retired that we were going to continue the investigation and complete it," the mayor said. "I'm not going to comment on it until it is handed to me."

The principal focus of the audit is to determine what happened to rent money from three city-owned houses at the prison farm.

For at least five years, rent from the three was funneled to the corrections fund in violation of city rules. In 1988 and 1989, more than \$2,500 in rent money was improperly diverted, the officials said.

The audit said the city Bureau of Purchasing and Real Estate failed to inventory the houses, determine fair rents and make sure the rent money reached the general fund.

The audit found no problem with three other houses on the property including one assigned to Mr. Hudson rent-free.

The vending machines provided the fund with more than \$14,000 in 1988 and more than \$8,000 in 1989, the officials said.

Poorly kept records have prevented auditors from tracing much of the history of the fund.

The City Council recently enacted legislation tightening uses and accountability of special funds.