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Whiteside Cove murder trial begins

By Melody Spurney
For the Chronicle

James “Jim” Keaton Picklesimer pled not guilty Monday afternoon, Feb. 7 to a charge of murder in the death of George Gunter.

The trial began Monday at the Jackson County Courthouse in Sylva with pre-trial motions and jury selection. Picklesimer is standing trial for murder in Gunter’s death on May 17, 2007. Gunter was found dead in the downstairs office of Whiteside Cove Cottage Rentals.

Much of Monday morning’s

proceedings were pre-trial hearings, several of which were filed by the prosecution in an attempt to limit the amount of information one of their own witnesses could provide. The witness, Judy Newton, told police in 2007 that she heard an argument and a gunshot.

However, Assistant District Attorney Reid Brown told the court



Picklesimer

that Newton’s subsequent statements had been inconsistent, and he questioned both her credibility and whether or not she had actually heard either the shooting or an argument.

Brown told Judge Gary Gavenus that although Newton is listed as a prosecution witness, he considers her to be “hostile.”

“I’m not sure she was even present (at the time of the shooting),” Brown said.

Gavenus denied Brown’s request to fire a 30/30 rifle inside the courtroom following objections from Picklesimer’s attorney

Jack Stewart.

“That’s just about the worst case of grandstanding I’ve ever seen,” Stewart said of Brown’s proposal to shoot the gun into a secure tube.

Brown argued that it was necessary to shoot the gun inside the courtroom because it would show that Newton’s description of the sound was inaccurate. Gavenus denied the motion saying that because the entire crime scene could not be re-created, the firing of the weapon was irrelevant and could mislead a jury. The judge also denied a request by Brown to take

the jury to the office building at Whiteside Cove Cottages.

He said that the more than 100 photographs taken of the crime scene were sufficient to illustrate the building’s layout to the jury and that too much change had likely occurred in four years to give jurors an accurate picture if they visited the place.

Brown also told the judge that he had been informed that attorneys who represented Picklesimer previously may have been given a shell casing from the crime scene.

See **Murder**, Page 5A

Commons shooter pleads guilty, receives reduced charge

By Melody Spurney
For the Chronicle

Jonathan Garcia Lugo pled guilty Monday to a reduced charge of felony-attempted assault with a deadly weapon in the shooting of another man on March 22, 2010, on the Village Commons in Cashiers.

The plea was part of a deal reached with the district attorney’s office. Speaking through an interpreter, Lugo told Judge Gary Gavenus that he understood the plea arrangement and entered it willingly.

The judge sentenced Lugo to 13-16 months in jail, with credit for the time he has served since being arrested in March. Lugo’s attorney Rusty McLean of Waynesville told the court that although he believed Lugo had a valid defense for a jury trial, because Lugo is living in the country illegally, even if he were acquitted, he would be deported.

At approximately 11:20 a.m. on Monday, March 22, the Jackson County 911 Center received a call regarding a shooting that had taken place near the old site of Summit Charter School, which is now part of the Village Green, called the Village Commons.

According to the Jackson County Sheriff’s Office, the call came in from a male subject who advised that his co-worker had been shot in the leg.

The victim was Fernando Randel Lopez, 42, from Tuckasee. He suffered a single gunshot wound to the left leg and was transported to Mission Hospital in Asheville, where he had surgery to remove the bullet.

He was paid \$5,763.64 through the N.C. Victim’s Compensation Fund.

See **Shooting**, Page 5A



Lugo



Injecting some help into The Hemlocks

File photo

Hemlocks like this one in the region are getting some much-needed attention in the form of a soil injection to combat the harmful woolly adelgid.

By David Joy
Staff Writer

A newly hired Nantahala National Forest hemlock treatment crew recently completed treating 253 Carolina hemlock trees on the forest’s Kelsey tract between Highlands and Cashiers. The five-person crew chemically treated the hemlocks by soil injection with a systemic insecticide that will protect the trees from the hemlock woolly adelgid for up to five years.

Describing the treatments used, Will Blozan, who has consulted with the U.S. Forest Service (USFS), on many of their hemlock efforts, said that two different chemicals were used to kill the adelgid.

“Dinotefuran, a fast-acting systemic insecticide was used on trees in decline to help them recover fast,” Blozan said. “It is applied to the soil at the base of the tree or sprayed on the bark. Imidacloprid- another systemic insecticide but slower to achieve control- was likewise applied to the soil. Both insecticides render the sap toxic to feeding insects. Adelgid ingests the sap and dies from paralysis of the digestive system.”

Blozan said that the Kelsey Tract near Cashiers is unique in that it hosts the oldest documented specimen of Carolina hemlock, a tree about 350 years old.

The Carolina hemlock is a sep-

arate species from the much more common eastern hemlock. In contrast to the eastern species, which occurs on rich moist sites, the Carolina hemlock inhabits dry, rocky ridges with shallow soil in the Appalachian Mountains from Georgia to Virginia. Many of the site locations are in areas with difficult access. The Kelsey tract Carolina hemlocks are considered by many authorities to be one of the best Carolina hemlock stands in the world.

These particular trees are located on top of a large granitic dome covered with heavy brush. The stand includes several large trees over 18

See **Hemlocks**, Page 8A

Details emerge from recent breakout of break-ins

By Kelly Donaldson
Editor

Last week, the Chronicle reported on multiple break-ins that were reported to the Jackson County Sheriff’s Office (JCSO) on Monday, Jan. 31 near Cedar Creek Rd. More details from the incidents were revealed this week.

In incident reports sent to the Chronicle by the JCSO on Monday, Feb. 7, the following information was revealed:

At 9 a.m. on Monday, Jan. 31, an incident of burglary by forcible entry and criminal damage to property was reported at the home of victim Jane Langley of Rusing Brooke Lane in Cashiers. Her front door was kicked in and a 22-inch flat screen TV was reported stolen. The case is under further investigation.

At 9 a.m. on Monday, Jan. 31, an incident of criminal damage to property (vandalism) and burglary by forcible entry was reported at the home of Julio Muniz, also of Rusing Brooke Lane in Cashiers. The resident’s back door was kicked in and latent lift cards with prints were stolen. The case is under further investigation.

At 9 a.m. on Jan. 31, an incident of burglary by forcible

See **Break-ins**, Page 5A

County’s Revolving Loan Program riddled with bad investments

By David Joy
Staff Writer

At a recent commissioner work session on Friday, Jan. 28, Jackson County Finance Director Darlene Fox presented a full financial report and an update on the “Revolving Loan Program” to acclimate commissioners as they move into budgetary planning for the next fiscal year.

The Revolving Loan Program (RLP) spawned from two Community Development Block Grants in the 1980s. According to the executive summary of a program

overview Fox gave commissioners at the work session, “The purpose of the Jackson County Revolving Loan Plan is to create job opportunities and further economic development within the planning jurisdiction of the county. It enables private business development that would not occur without loan assistance for the plan.”

With funding stemming from both the original grant monies and from interest accrued on loans, the RLP has to date provided eight loans totaling over \$1.5 million. Fox stated that, “The county

has not put any money into this fund at all.”

Though initially dreamt of being a good economic development resource, a look back at the eight loans given shows a string of ultimately bad investments. Of the eight loans three are closed, but only one has been truly paid in full, with the other two closed loans being negotiated into finality. Of the five outstanding loans remaining, three of the accounts are delinquent.

First a look at the loans, which have been closed:

The first loan was given to

Hensley-Dean for \$25,000 on Aug. 16, 1993. On Nov. 17, 1995 Arthur and Katie Stephens assumed the loan at which point the debt owed totaled \$28,090. By April 2001 the debt had grown to \$33,957. On April 10, 2001 the commissioners voted to reduce the debt owed to \$15,000, which was paid in full on June 15, 2001. Though the loan is closed as “paid in full,” the county truly lost \$18,957.48 on the debt owed, or 75.8 percent of the initial loan value.

Another loan considered closed went to Country

Collection for \$14,000 at a six percent interest rate on May 1, 2001. By May 15, 2006 a balance remained of \$12,157.52, at which point the commissioners wrote off the remaining balance. The more than \$12,000 written off equivocates to an 86.8 percent loss of the initial loan value.

The only one of the three closed loans that has truly been paid in full, without any adjustments, was to Southern Lumber in the amount of \$218,000 on June 14, 1999.

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Jackson County Christmas Tree Association receives financial assistance. **Page 1B**

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HEMLOCKS: Trees between Highlands and Cashiers treated via soil injection

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inches in diameter, which is unusual for a stand of this species. Although the Carolina hemlocks have been displaying genetic resistance to the woolly adelgid, they are still susceptible to mortality by the insects. Thus, by treating these trees, they will be preserved for a few years and can be retreated in the future.

This treatment by the new Nantahala hemlock crew and forthcoming treatments by a Pisgah National Forest crew are part of a renewed effort by the National Forests in North Carolina to treat as many surviving hemlock trees on the Nantahala and Pisgah National Forests as is practical. North Carolina National Forests Supervisor Marisue Hilliard signed a new Forest decision in August this year detailing these expanded treatment activities on the national forests. Describing treatment efforts by

both the Nantahala and Pisgah districts, Dave Casey, a silviculturist for the USFS, said that efforts are ongoing.

“The Pisgah National Forest Treatment Crew did some hemlock treatments last fall, but will begin about six months of hemlock treatments by mid-February,” Casey said. “The Pisgah crew will be focusing their efforts on viable hemlock (Carolina and Eastern) areas across the Pisgah National Forest - we have approximately 50 potential treatment sites identified across the Pisgah National Forest. The Nantahala National Forest crew has been working since Nov. treating sites across the forest, such as the Kelsey Tract.”

Both Blozan and Casey said that these trees serve as a keystone species for the local ecosystem, and without their survival many species will suffer.

“Both species of hemlock serve roles in the Appalachian ecosystem that are not easily replaced by other species and also fall under our responsibility to conserve the diversity of tree species in the forest. Eastern hemlock serve roles in riparian habitats (such as stream temperature regulation, a source of decay-resistant large woody debris for streams, temperature regulation in the winter and summer for terrestrial wildlife) and in higher elevation forest types (as an important component of the endangered Northern Flying Squirrel habitat, and an important source of cover for wildlife).”

Casey added that, “Many animals, birds, insects, fungi, plants, and unknown life forms have adapted to exist in these specific forests. Without the hemlocks, the ‘keystone species,’ they will have to adapt, move, or die.”

The Forest Service is mapping living stands of hemlocks, both eastern and Carolina, by air and on foot in order to treat the surviving trees. For more information about hemlock conservation, please visit www.fs.usda.gov/nfsnc and search on the keyword “hemlock.”

Blozan ended with saying that these trees are endangered not only on forest lands, but on private lands as well, and that all landowners should be looking to save them.

“There are still salvageable trees and stands in the Highland/Cashiers area, both USFS and private,” Blozan said. “People need to realize that the trees will eventually die. Money must be spent if the tree is near a home, and saving a tree is far less costly than removing it.”

(Parts of this story were taken from a Jan. 31 USFS press release.)



File photo
Will Blozan is shown up in a Hemlock tree from a former Chronicle story.

LOANS: Many County Revolving Loan Program recipients are delinquent on payback

from Page 1A

Southern Lumber paid the full remaining balance of \$158,609.16 on July 9, 2008.

A look at current outstanding, delinquent loans:

The county still has five current loans standing. Of these five, three of the loans are considered delinquent. In a recent interview Fox stated that “Smoky Mountain Biofuels is delinquent, Clearwood is delinquent in their account, and QC Apparel is delinquent.”

Commissioners granted a loan to Smoky Mountain Biofuels for \$148,000 on Aug. 17, 2006 at a five percent interest rate. Interim County Manager Chuck Wooten explained that from what he understands, “when they put their business plan together the availability of some of the products they needed to be successful were not available at the levels that they had thought. Plus it seemed to be one of those things that a lot of people got involved and then the market was just not there for a small company and the big companies took over the market and those folks got left out.”

To date Smoky Mountain Biofuels owes the county \$152,707.15 on the initial

loan, and the account is considered delinquent.

Another outstanding loan was given to Clearwood for \$225,000 at a four percent interest rate on December 10, 1997. The account is currently delinquent with Clearwood still owing the county \$77,031.52.

The most unsuccessful of the current outstanding and delinquent loans involves an initial \$60,000 loan at nine percent interest given to QC Apparel on May 26, 1995. After various assumptions and re-assumptions of the loan as well as renegotiations of terms, QC Apparel owed the county \$58,928.08 on July 1, 2001. A little more than a year later with little difference in the debt owed, the county gave QC Apparel another \$300,000 loan at seven percent interest. By Aug. 17, 2006 the company owed the county \$358,355.86. The debt has now grown to \$411,565.29.

Wooten said that he believes that QC Apparel is “still operating at a minimal level,” though their account is considered delinquent.

All three of these loans were collateralized with business equipment. Fox said that, “As the funds are recouped, or if we get equipment back

when it’s dissolved then it will be sold and become part of the funds.” When asked how valuable the collateral assets are in terms of the debt owed Fox stated, “I don’t know at this point until we go through the legal proceedings on it.”

Discussing how these loans were collateralized, Wooten stated, “Only with some business equipment, and in my judgment after looking at those lists I expect that the equipment will have a value far less than the outstanding balance of those loans.”

When asked what he anticipates the return to be, Wooten said not nearly the amount owed.

“My guess would be 10 cents on the dollar,” Wooten said. “I hate to even say that, because it hurts to even say that we potentially may have to forgive or walk away from that kind of money, but that’s just the way it is unfortunately.”

Assuming Wooten’s 10 percent recovery on debts owed is correct, the county stands to lose \$577,173.56 on delinquent loans for Clearwood, QC Apparel, and Smoky Mountain Biofuels. The county stands to lose 100 percent plus an additional \$12,052.90 of the initial loan amount to QC Apparel, 30.8

percent of initial loan amount to Clearwood, and 92.8 percent of initial loan to Smoky Mountain Biofuels. Following the estimated 10 percent recovery on collateralized assets the county will lose \$370,408.76 to QC Apparel, \$69,328.37 to Clearwood, and \$137,436.43 to Smoky Mountain Biofuels.

Conclusion:

The county has only had one loan that was completely repaid in full. One of the outstanding loans in good standing, Fraternal Composite Specialties, still owes 36.7 percent of their \$325,000 loan with a current outstanding balance of \$119,312.01. The other current outstanding loan in good standing, Metrostat Communications, currently owes \$1,882.53 more than their initial \$250,000 with a current outstanding balance of \$251,882.53. However, Metrostat is due for a five year principal and interest balloon payment at year seven, Nov. 15, 2011.

In all, assuming Fraternal Composite and Metrostat will be paid in full and that Wooten’s estimated 10 percent recovery is correct for the three outstanding delinquent loans, the county has lost \$608,288.56 on loans originally totaling \$770,355.86;

a 78.96 percent loss rate on those five completed and delinquent loans, only recouping around 21 percent on investment.

The current cash balance of the RLP is \$780,707.20. The current outstanding amount owed is \$1,012,498.50.

Despite these drawbacks, current Commission Chairman Jack Debnam says that he does not believe the county is ready to dissolve the program and move the remaining funds into the county’s General Fund.

“I don’t think that we’ll do away with the program,” Debnam said. “Just because there have been some issues with some of the loans doesn’t make it a failed program. There have been several loans that have been paid back over the years. I think that there will be some tighter scrutiny on the loans, but I

can’t see throwing the whole basket of apples out just because there are three or four bad ones. You’d like to think that human nature is a little better than that.”

Wooten agreed.

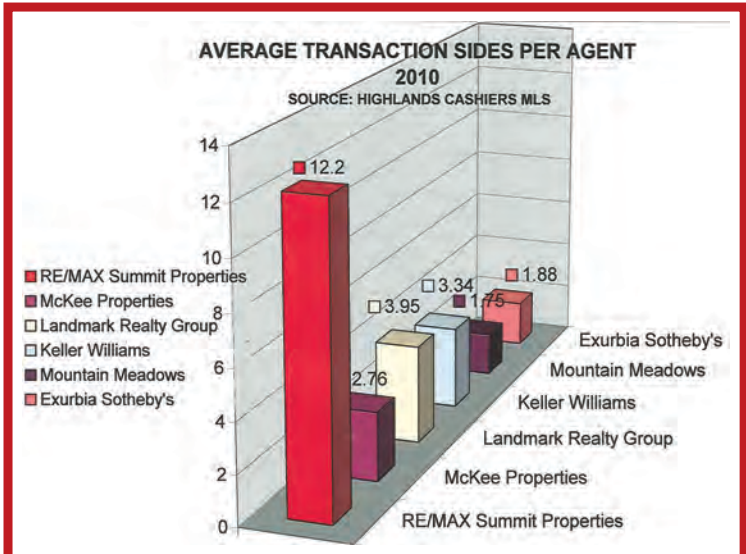
“I think that it can under the right circumstances (spur economic growth in the county),” Wooten said. “I think that the board, having seen what has transpired up until this point, will be pretty conservative about future loans. They are going to want to see that there is a good business plan and a good purpose and an opportunity for success. In a lot of ways I think that those dollars can be viewed as the start-up dollars, and any time you get involved with start-up dollars there is a lot of risk involved with new companies because probably only one out of 10 will make it.”

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