



**Justin P. Wilson, Comptroller**

December 17, 2018

## **Former Northeast Knox Utility District Employee Indicted for Theft**

The Tennessee Comptroller's Office has released an investigation into the Northeast Knox Utility District that resulted in the indictment of former customer service representative Sonya Sherrow. The investigation began after the Comptroller's Office was notified that district officials had discovered unusual adjustments to customer accounts.

Investigators found that Sherrow misappropriated district collections totaling at least \$8,507 by using two separate schemes.

Most of the misappropriation came from fictitious adjustments totaling \$6,346 that Sherrow made to district customers' accounts. In many cases, a customer would pay his or her utility bill in full, and Sherrow would keep the money for herself. She would then adjust the customer's account records to indicate a zero balance. The district did not have a written policy for account adjustments, and the adjustment review process was inadequate.



Additionally, Sherrow employed a lapping scheme to conceal her misappropriation of district collections totaling at least \$2,161. Investigators found that Sherrow did not always apply customer payments to the correct customer account. Instead, she stole the payment and later used another customer's payment to cover up her misappropriation in the accounting records.

Sherrow resigned from her position with the district on August 7, 2017. Following her resignation, she attempted to conceal her lapping scheme by purchasing over 100 money orders from various vendors and submitting them to pay the outstanding customer account balances. She delivered the money orders through the mail and the district's drop box.

"It is critical for districts to have solid policies and procedures for handling adjustments to accounts," says Comptroller Justin P. Wilson. "District leaders should ensure that ratepayers are protected from fraudulent activity. It starts with strong oversight."

In August 2018, Sonya Sherrow was indicted by the Knox County Grand Jury on one count of theft over \$2,500, two counts of forgery, one count of money laundering, and one count of official misconduct.

To view the investigation online, go to: <http://www.comptroller.tn.gov/ia/>

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