



COMPTROLLER'S INVESTIGATIVE REPORT

Unaka High School Carter County Schools

July 15, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

July 15, 2019

Carter County Schools
Superintendent and Administrators
305 Academy Street
Elizabethton, TN 37643

and

Unaka High School
Principal and CTE Principal
119 Robinson Lane
Elizabethton, TN 37643

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Unaka High School - Carter County Schools, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 1st Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", written over a light gray rectangular background.

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

UNAKA HIGH SCHOOL CARTER COUNTY SCHOOLS

The Office of the Comptroller of the Treasury, in conjunction with the Carter County Sheriff's Office, investigated allegations of malfeasance related to Unaka High School (school), part of the Carter County School System (system). The investigation was initiated after school officials identified and reported shortages in cash collections. The results of the investigation were communicated with the Office of the District Attorney General of the 1st Judicial District.

BACKGROUND



The school's Career Technical Education (CTE) department operated a meat processing program where customers brought livestock to the school to be slaughtered by students. The customers paid a fee to the school for this service. The school also raised cattle on a farm the CTE department operated.

RESULTS OF INVESTIGATION

1. CTE TEACHER JOHN-CLAUDE HARDIN MISAPPROPRIATED AT LEAST \$1,865

During the period November 13, 2017, through November 20, 2018, CTE teacher John-Claude Hardin misappropriated CTE funds totaling at least \$1,865 from the school using two schemes: (1) Hardin withheld cash collections from meat processing fees totaling \$1,229, and (2) sold a steer from the school farm without authorization and retained the sale proceeds of \$636. To conceal his misappropriations, Hardin altered receipts and created false documentation.

Summary of Schemes by Hardin

Date	Scheme	Amount
11/13/2017	Retained cash collections from meat processing fees. Concealed by altering school records.	\$131
03/07/2018	Retained cash collections from meat processing fees. Concealed by altering school records.	759
07/13/2018	Without authorization, sold a steer from the school's farm and retained the proceeds.	636
10/30/2018	Retained cash collections from meat processing fees. Concealed by altering school records and creating and mailing fraudulent documents to the school.	<u>339</u>
		<u>\$1,865</u>

\$131 Meat Processing Fees

On or about November 13, 2017, a customer paid \$131 cash for meat processing to Hardin who prepared a receipt and gave a copy of the receipt to the customer. Hardin did not deposit the cash with the school bookkeeper; therefore, the cash was never recorded in the school's accounting system. To conceal this misappropriation, Hardin wrote "VOID WRONG INFO" on the receipt. **(Refer to Exhibit 1.)**

Exhibit 1

Date 1-30

Address 1-beef

Reg. No.	Clerk	Account Forward
1		
2	wt 237	CASH
3	price .45 p/lb	
4	106.65 cut bill	
5	+ 25.00 kill bill	
6	131.65 total	
7		
8		
9	total 131.65/100	
10		
11	PAID BY: 131.00 CASH	
12		
13		
14		
15		

VOID
WRONG INFO

7910-5

A-1200/3510/3530
T-45202/46202/46203 Your Account Stated to Date - If Error is Found, Return at Once

Hardin wrote "VOID WRONG INFO" on this receipt.

\$759 Meat Processing Fees

On March 7, 2018, a customer paid \$759 cash for meat processing to Hardin's school aide. The aide advised that Hardin instructed her to prepare a receipt and hide the cash in a money bag under a sofa cushion in his office. Hardin admitted he placed the money bag in the safe but claimed he did not know what subsequently happened to the money. To conceal this misappropriation, Hardin marked "VOID" on the receipt and made a note to indicate the receipt should have been listed under a different name. (Refer to Exhibit 2.)

Exhibit 2

Reg. No.	Clerk	Account Forward
1		
2	170 wt	
3	45	
4	211.50	
5	25.00	
6	250.50	
7	520 wt	
8	45	530
9	234	145
10	25	238.50
11	259	25.00
12		263.50
13		
14		
15		

7918-14

Cash

*should have been under AND

Hardin wrote "VOID" this receipt and added a note of explanation.

\$339 Meat Processing Fees

On October 30, 2018, a customer paid \$339 cash for meat processing to Hardin who then prepared a receipt and placed the cash in his pocket. Hardin told investigators he did not know what subsequently happened to the cash. To conceal this misappropriation, Hardin wrote "VOID" on the receipt and made a note to indicate the receipt should have been listed under a different name. (Refer to Exhibit 3.)

Exhibit 3

Date 10-30-18

M [REDACTED]

Address [REDACTED]

Reg. No.	Clers	Account Forward
1		
2	Weight 290	
3	.50	
4	145	
5	Kill Fee	
6	160	
7		
8	Weight 328	
9	.50	
10	164	
11	15	
12	179.00	
13	TOTAL	160 00
14		179 00
15	7918-23	339 00

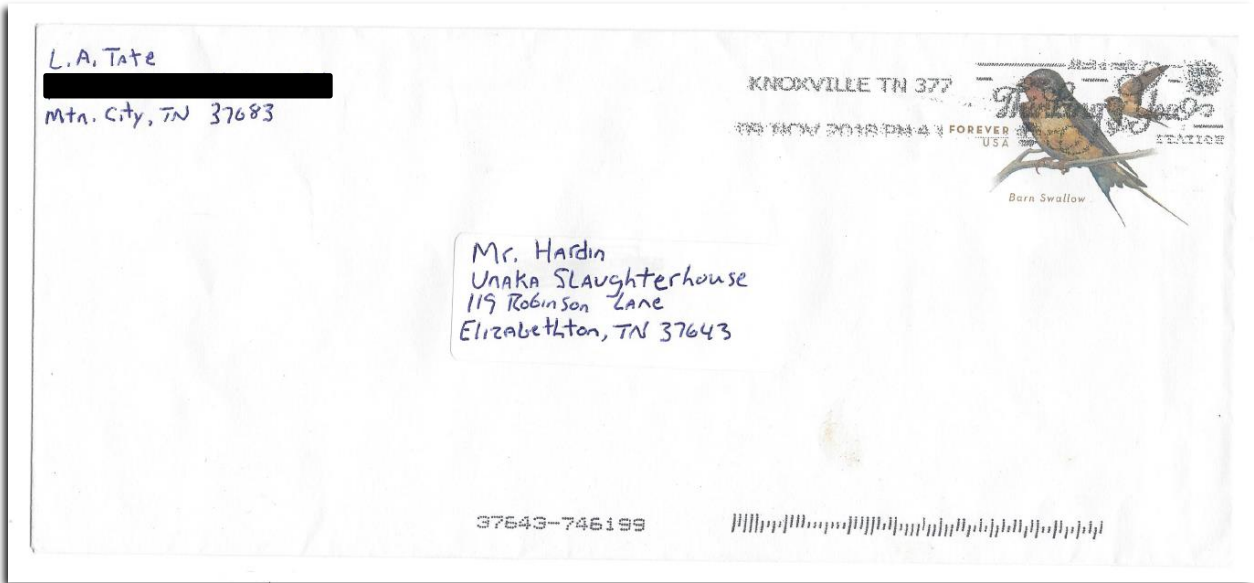
A-12003510/3530
T-45202/46202/46203 Your Account Stated to Date - If Error is Found, Return at Once

Hardin wrote "VOID" on this receipt and added a note of explanation.

After school officials discovered the October 30, 2018 funds were missing, Hardin claimed the customer paid with a check that he placed on the school bookkeeper's desk.

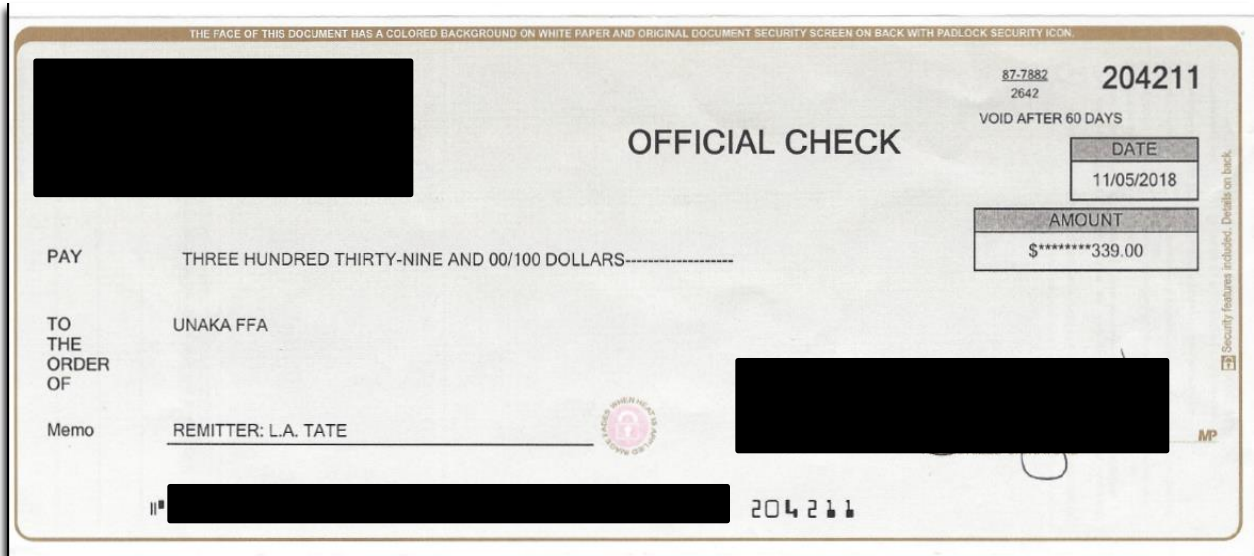
On November 5, 2018, Hardin purchased a \$339 cashier's check from a local financial institution, mailed the check to himself at the school, and included a handwritten note he prepared that was allegedly from the customer. Hardin admitted to investigators he purchased and mailed the check plus included the note to make school officials believe the customer was replacing the "lost" check. He also admitted he fabricated the name and address on the envelope, check, and note. (Refer to Exhibits 4, 5, and 6.)

Exhibit 4



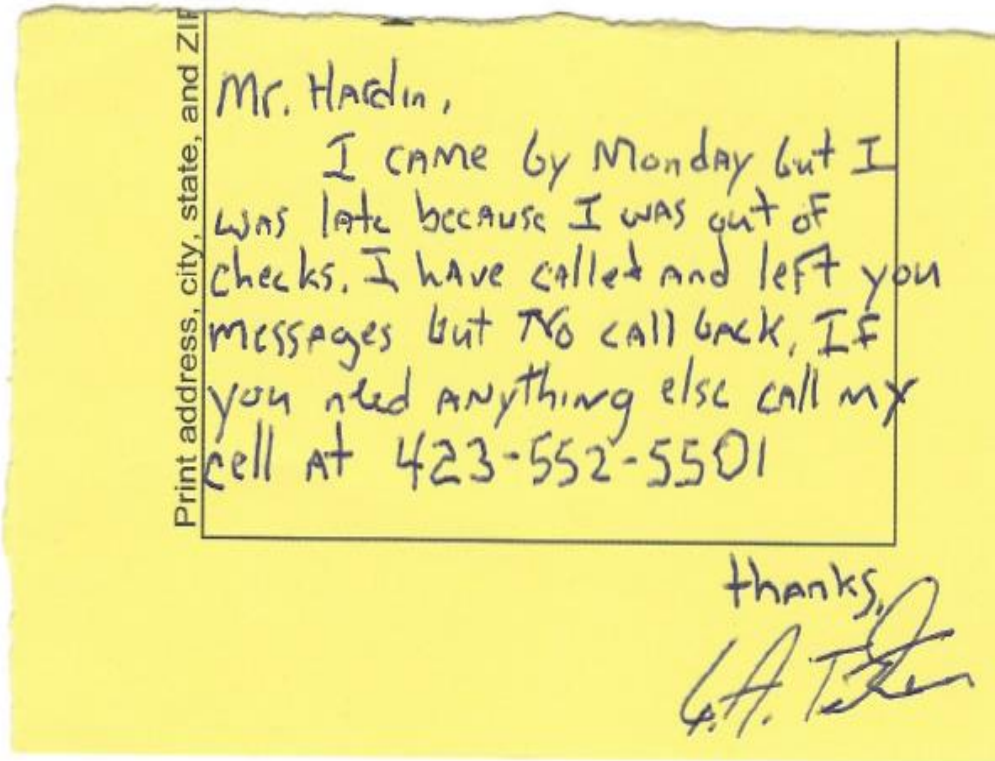
Hardin prepared and mailed this envelope with the name of a fictitious person in the return address.

Exhibit 5



Hardin purchased this cashier's check, and at his instruction, the teller recorded the fictitious name as remitter.

Exhibit 6

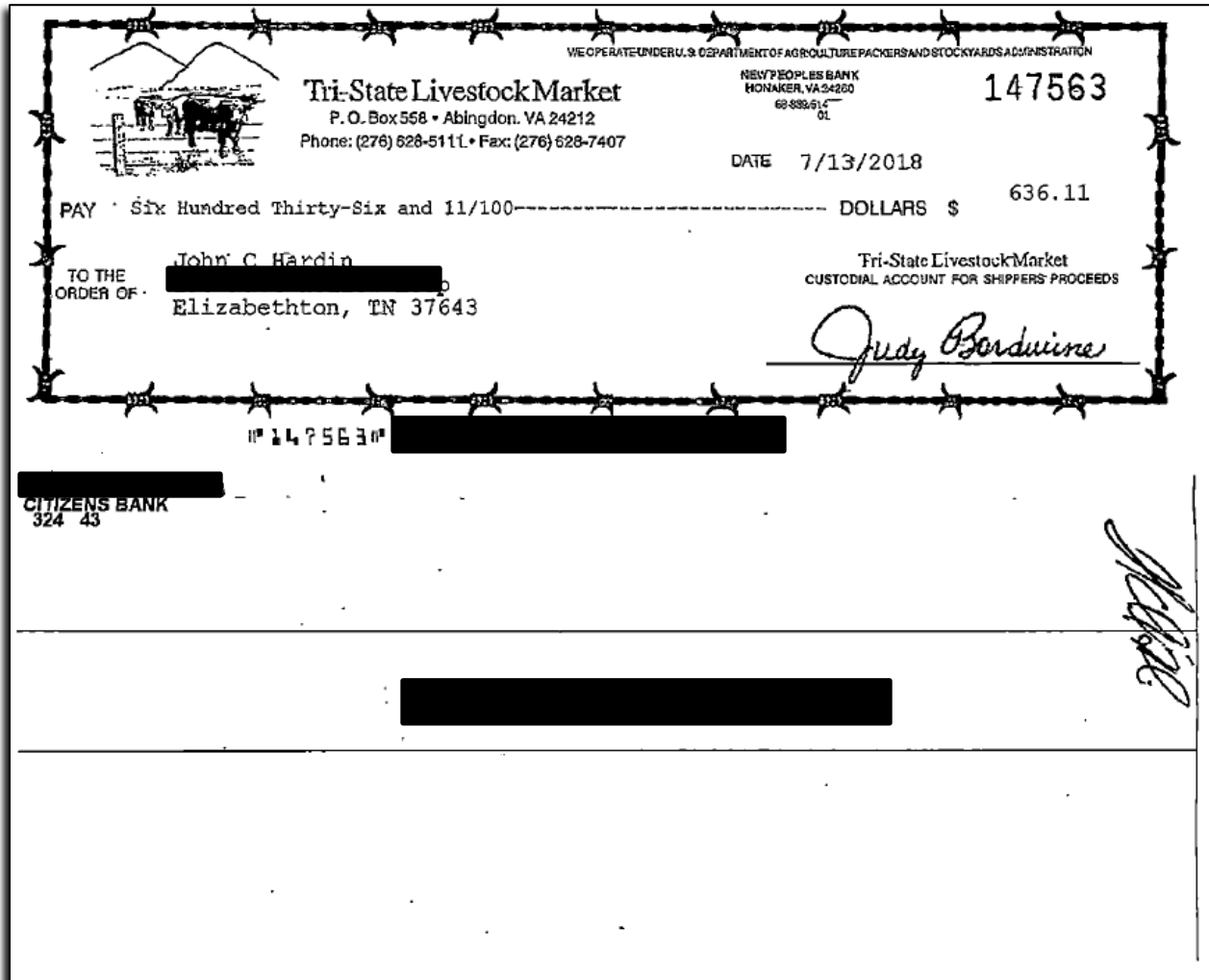


Hardin prepared this handwritten note and included it in the envelope with the cashier's check. He also signed the note with a fictitious name.

\$636 Sale of School Livestock

On July 13, 2018, Hardin sold a steer from the school's farm at a livestock auction market in Virginia and retained the \$636 sale proceeds for his personal benefit. When asked the whereabouts of the steer, he told system officials the steer must have wandered off. He told investigators he sold cattle belonging to him that day in Virginia, but the auction company confirmed he sold one steer on that date matching the description of the school's steer. The auction company provided a copy of a check payable to and endorsed by Hardin. **(Refer to Exhibit 7.)**

Exhibit 7



Check payable to and endorsed by Hardin.

2. CTE TEACHER JOHN-CLAUDE HARDIN FABRICATED RECORDS

Hardin provided school officials misleading information about the collection of funds for meat processing. As noted above, on November 5, 2018, Hardin purchased a \$339 cashier's check from a local financial institution, mailed the check to himself at the school, then included a handwritten note he prepared that was allegedly from the customer. He admitted to investigators he purchased and mailed the check plus included the note to make school officials believe the customer was replacing the "lost" check. He also admitted he fabricated the name and address on the envelope, check, and note. (Refer to Exhibits 4, 5, and 6.)

Hardin resigned his employment with the school system on November 30, 2018.

Summary of Misappropriations by Hardin

Misappropriations	Amount
Cash collections	\$ 1,229
Steer	636
Total	<u>\$ 1,865</u>

On July 8, 2019, the Carter County Grand Jury indicted John-Claude Hardin on one count of Theft over \$1,000, six counts of Forgery, and one count of Official Misconduct.

[Unaka High School Carter County Schools Investigative Exhibit](#)

INTERNAL CONTROL DEFICIENCY

Our investigation revealed a deficiency in internal control, which contributed to the CTE teacher's ability to perpetrate his misappropriation of funds without prompt detection:

Deficiency: School officials did not provide adequate oversight of the CTE program

School officials failed to review CTE receipts and did not reconcile those receipts with the collections remitted to the school bookkeeper. The failure to review and reconcile receipts with deposits increased the risk that errors or misappropriations would not be detected timely.

School officials indicated that they have corrected or will correct this internal control deficiency.