



COMPTROLLER'S INVESTIGATIVE REPORT

Fairfield Glade Volunteer Fire Department

July 16, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

July 16, 2019

Fairfield Glade Volunteer Fire Department
Board of Directors
7258 Peavine Road
Fairfield Glade, TN 38558

Board of Directors:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Fairfield Glade Volunteer Fire Department, 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 13th 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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

Fairfield Glade Volunteer Fire Department

The Office of the Comptroller of the Treasury, in conjunction with the Cumberland County Sheriff's Department, investigated allegations of malfeasance related to the Fairfield Glade Volunteer Fire Department (fire department). The Comptroller's Office initiated the investigation after the sheriff's department and fire department board of directors reported suspicious transactions in fire department bank records. The results of the investigation were communicated with the office of the District Attorney General of the 13th Judicial District.

BACKGROUND

The Fairfield Glade Volunteer Fire Department was formed in 1974 to serve the Fairfield Glade community and is governed by a board of directors. It is a 501(c)3 nonprofit and is funded by a combination of fundraisers, government grants, and donations from both the Community Club of Fairfield Glade and individual residents.

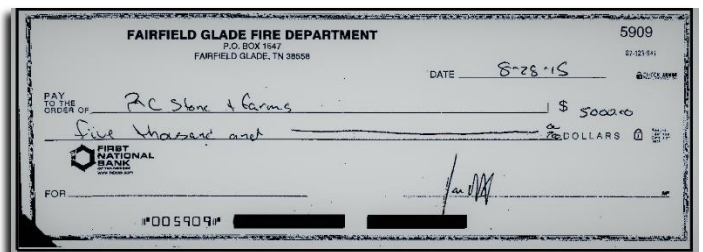
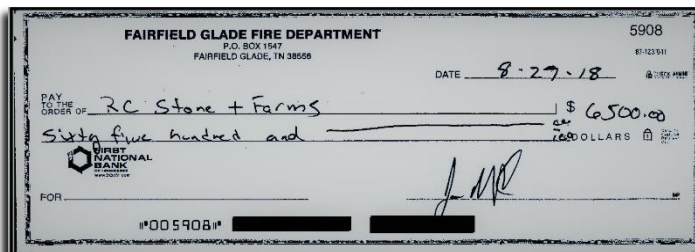
RESULTS OF INVESTIGATION

1. FIRE DEPARTMENT TREASURER JAMES BOTBYL MISAPPROPRIATED FIRE DEPARTMENT FUNDS TOTALING AT LEAST \$302,303

During the period November 2017 through September 2018, fire department treasurer James Botbyl misappropriated fire department funds totaling at least \$302,303. Without the knowledge of or the authorization from fire department board, Botbyl wrote 64 fire department checks payable to one of his two personal businesses and deposited them into his personal business bank accounts. **(Refer to Exhibit 1 and Exhibit 2.)** Botbyl provided neither property nor services to the department to justify these payments, which ranged in amounts from \$1,000 to \$8,600.

Exhibit 1

Exhibit 2



Unauthorized and improper payments to Botbyl's personal business

In his role as fire department treasurer, Botbyl was able to control and limit the financial information provided to board of directors. This allowed him to the conceal the ongoing scheme for 10 months. In September 2018, after learning of this scheme, the fire department board suspended Botbyl. Investigators determined that during the scope of his scheme, Botbyl periodically deposited personal funds totaling \$62,743 in the fire department bank accounts in an apparent effort to repay some of the money he had previously misappropriated.

Summary Schedule of Misappropriation By Treasurer James Botbyl

Source	Amount
Total Misappropriated	\$302,303
Funds deposited by Botbyl	<u>(\$62,743)</u>
Total Outstanding	<u>\$239,560</u>

2. FIRE DEPARTMENT TREASURER JAMES BOTBYL EXECUTED AN EQUIPMENT FINANCE AGREEMENT ON BEHALF OF THE FIRE DEPARTMENT WITHOUT AUTHORITY

On February 15, 2018, without board knowledge or authority, Botbyl entered into a 3-year equipment finance agreement with total payments of \$60,504 (\$54,008 principal and \$6,496 interest) for the purchase of radios and pagers. Due to Botbyl’s misappropriation detailed above, the fire department did not have adequate funds available at this time to immediately pay for the equipment. Botbyl signed the agreement on behalf of the fire department and falsely attested that the fire department board approved the finance agreement. In addition, Botbyl included a purported attestation from a former fire department board member using a suspicious and misspelled signature.

In April 2019, the Cumberland County Grand Jury indicted James Charles Botbyl on one count of Theft over \$60,000. Botbyl pled guilty to that charge on June 19, 2019.

[Fairfield Glade Volunteer Fire Department Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies related to internal control and compliance that contributed to the treasurer's ability to perpetrate this fraudulent scheme without prompt detection. These process deficiencies included:

Deficiency 1: Lack of separation of duties

Fire department board of directors failed to separate incompatible financial duties or to provide increased oversight when appropriate. The treasurer was the sole signature on fire department checks, allowing him to transact checks without oversight. He also maintained sole custody of, and was the only reviewer of, fire department bank statements. Separating financial duties or providing increased oversight when appropriate reduces the risk that errors or intentional misappropriations will remain undetected.

Deficiency 2: Incomplete accounting records

Fire department board of directors failed to ensure that the treasurer maintained accurate and complete accounting records. The investigation revealed that the treasurer did not input some fire department transactions in the accounting system and did not properly reconcile the bank accounts. As a result, the accounting system did not reflect a credible and complete record of fire department transactions and balances.

Deficiency 3: Inadequate supporting documentation

Fire department board of directors did not require or retain adequate supporting documentation for disbursements and other withdrawals. Requiring documentation, such as invoices or receipts, allows board members to verify that the payment is proper and reasonable.

Fire department board of directors indicated that they have corrected these deficiencies.
