



COMPTROLLER'S INVESTIGATIVE REPORT

Church Hill Rescue Squad

October 19, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

October 19, 2021

Church Hill Rescue Squad
Board of Directors
351 W Main
Church Hill, TN 37642

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Church Hill Rescue Squad, 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 3rd Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Church Hill Rescue Squad

The Office of the Comptroller of the Treasury, in conjunction with the Hawkins County Sheriff's Department and the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Church Hill Rescue Squad (rescue squad). The Comptroller's Office initiated the investigation after rescue squad officials identified and reported questionable purchases. The investigation was limited to selected records for the period January 2013 through August 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District.

BACKGROUND



The Church Hill Rescue Squad, founded in 1962, is an all-volunteer nonprofit organization providing emergency rescue, accident extractions, and other related services to the City of Church Hill and Hawkins County. The rescue squad is funded by contributions from Hawkins County Government, donations from other organizations and periodic fundraising events to supplement its revenue. The rescue squad is governed by a board of directors elected by its members.

Carla Dykes served as treasurer for the rescue squad during the period reviewed. From January 2016 through August 2020, Dykes also served as the treasurer of the Hawkins County Volunteer Fireman's Association (association). Without the knowledge or authority of association officers, Dykes used association funds to supplement the bank account and pay expenses of the rescue squad. Dykes' activities with the association are addressed in a separate Comptroller Investigative Report – Hawkins County Volunteer Fireman's Association dated October 19, 2021, and may be accessed and viewed [here](#).

RESULTS OF INVESTIGATION

1. FORMER CHURCH HILL RESCUE SQUAD TREASURER CARLA DYKES MISAPPROPRIATED FUNDS TOTALING AT LEAST \$47,075

During the period January 2013 through December 2019, Church Hill Rescue Squad Treasurer Carla Dykes misappropriated rescue squad funds totaling at least \$47,073. Without the authority or knowledge of the rescue squad board or its members, on at least 94 separate occasions, Dykes used rescue squad debit card and electronic withdrawals on the rescue squad account to pay her personal mortgage, car payments, and cable television and internet bills

[Refer to Exhibit 1]. Dykes also improperly used the rescue squad’s debit card to purchase personal meals, cigarettes [Refer to Exhibit 2], personal vacation accommodations [Refer to Exhibit 3], and iTunes gift cards [Refer to Exhibit 4].

Exhibit 1

GOLD BUSINESS CHECKING			(CONTINUED)	
U.S. Bank National Association			Account Number [REDACTED]	
Card Withdrawals (continued)				
Card Number: xxxx-xxxx-xxxx-4923				
Date	Description of Transaction	Ref Number	Amount	
Nov 28	Debit Purchase - VISA MURPHY6696ATWALM *****4923	On 112716 KINGSFORT TN REF # 24431056332838000102825	2838000102	40.50-
Nov 29	Debit Purchase - VISA CHARTER COMM *****4923	On 112916 888-438-2427 MO REF # 24692166334000394171770	4000394171	195.44-
Nov 29	Debit Purchase - VISA CHARTER COMM *****4923	On 112916 888-438-2427 MO REF # 24692166334000394171838	4000394171	309.28-
Card 4923 Withdrawals Subtotal			\$	2,360.75-
Total Card Withdrawals			\$	2,360.75-
Other Withdrawals				
Date	Description of Transaction	Ref Number	Amount	
Nov 15	Analysis Service Charge	1500000000	\$	20.00-
Nov 22	Electronic Withdrawal REF=163270087980340N00	To Seterus, Inc. 9239039003Payment MARK DYKES		1,660.11-
Nov 28	Electronic Withdrawal REF=163300096797060N00	From FORD CREDIT 7587806091FORDCREDIT047570343		1,866.91-

Dyke’s personal expenses charged to the rescue squad’s bank account

Exhibit 2



Dyke’s purchase of cigarettes charged to the rescue squad’s bank account

Exhibit 3

usbank.		CHURCH HILL RESCUE SQUAD INC PO BOX 265 CHURCH HILL TN 37642-0265	Business Statement	
			Account Number: [REDACTED]	
			Statement Period: Jun 1, 2016 through Jun 30, 2016	
			Page 3 of 4	
GOLD BUSINESS CHECKING			(CONTINUED)	
U.S. Bank National Association			Account Number [REDACTED]	
Card Withdrawals (continued)				
Card Number: xxx-xxx-xxx-4923				
Date	Description of Transaction	Ref Number	Amount	
Jun 23	Debit Purchase - VISA OCEAN LKS FAMY C *****4923	On 062216 800-722-1451 SC REF # 24431066174200358702617	4200358702	444.56-
Jun 24	Debit Purchase 200470 *****4923	SHELL Service St CHURCH HILL TN On 062416 ILK1TERM REF 617607200470	7006240606	14.29-

Dyke's personal vacation accomodations totaling \$444.56 charged to the rescue squad's bank account

Exhibit 4



Dyke's personal purchase of iTunes cards charged to the rescue squad's bank account

To cover the shortages resulting from her misappropriation of funds, Dykes transferred \$10,000 from the rescue squad's money market account. Between January 2016 and December 2019, she also used association funds totaling \$20,547 without its authority to supplement the rescue squad bank account and to pay rescue squad expenses. The rescue squad incurred \$1,241 in overdraft and return check fees due to the deficit account. Dykes closed the rescue squad checking account in December 2019 without the rescue squad board's knowledge. After Dykes closed the rescue squad bank account, without the consent or knowledge of either organization,

she paid additional rescue squad expenses of \$2,261 using association funds, bringing the total of association funds used to pay rescue squad expenses to \$32,808.

In her role as treasurer, Dykes was able to control and limit the financial information provided to the rescue squad board and its members. She provided financial information to the board at least monthly; however, board members advised that she did not address the grave financial condition of the rescue squad. She also did not provide bank statements for the board's review, which effectively concealed her fraudulent transactions from the rescue squad board and its members.

Summary of Misappropriation by Dykes	
Unauthorized Disbursements	Amount
Vehicle Payments	\$21,462.43
Mortgage Payments	\$12,387.67
Lodging	\$3,532.68
Phone and Internet	\$2,564.86
iTunes Cards	\$1,603.62
Fuel	\$974.09
Vacation	\$674.85
Miscellaneous	\$3,873.42
Total	<u>\$47,073.62</u>

Dykes was suspended by the rescue squad board for dereliction of duties and conduct unbecoming a member effective August 27, 2020, pending an internal investigation.

2. DYKES DID NOT MAINTAIN DOCUMENTATION FOR CHECKS ISSUED TOTALING \$10,645

In addition to the fraudulent transactions identified above, Dykes maintained no supporting documentation for checks she issued totaling at least \$10,645. Investigators were therefore unable to determine whether those transactions were for the benefit of the rescue squad.

On October 15, 2021, Carla Marie Dykes pled guilty in the Criminal Court of Hawkins County to a criminal information charging her with two (2) counts of Class C Felony Theft of Property valued between \$10,000 - \$60,000, and was given a total concurrent suspended sentence of 6 years on supervised probation. As a condition of her sentence, Dykes was also ordered by the Court to pay restitution to the Hawkins County Volunteer Fireman's Association and to the Church Hill Rescue Squad.

[Church Hill Rescue Squad Investigative Exhibit](#)

INTERNAL CONTROL DEFICIENCIES

The Comptroller's investigation revealed the following deficiencies in internal controls, some of which contributed to the former treasurer's ability to perpetrate her misappropriation without prompt detection:

Deficiency 1: The rescue squad board did not provide adequate oversight and duties were not segregated adequately

The rescue squad board did not provide adequate oversight and did not separate incompatible financial duties. The treasurer had sole possession of the rescue squad debit card, allowing her to complete transactions without oversight. She also maintained sole custody of and was the only reviewer of rescue squad bank statements. The board is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Separating financial duties and providing increased oversight reduces the risks that errors or intentional misappropriations will remain undetected.

Deficiency 2: The rescue squad board did not require dual signatures on checks

The treasurer was the sole signature on rescue squad checks allowing her to complete transactions without oversight. Requiring two responsible officials to review and sign all checks reduces the risks that errors or intentional misappropriations will occur.

Deficiency 3: The rescue squad board did not require adequate supporting documentation

The rescue squad board did not require or retain adequate supporting documentation for some disbursements and other withdrawals. Requiring documentation, such as invoices or receipts, allows the board to verify that all payments are proper.

Rescue squad officials indicated that they have corrected or will correct these deficiencies.
