



COMPTROLLER'S INVESTIGATIVE REPORT

Peakland Baptist Church

August 3, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

August 3, 2021

Pastor Jerry Lance England
and Congregation
2249 Reed Road
Ten Mile, Tn 37880

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Peakland Baptist Church, 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 9th 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

PEAKLAND BAPTIST CHURCH

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to Peakland Baptist Church. This investigation was initiated upon the request of the District Attorney General of the 9th Judicial District and pursuant to Tenn. Code Ann. § 8-4-209. The investigation was limited to selected records for the period from January 1, 2016 through January 31, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 9th Judicial District.

BACKGROUND



Peakland Baptist Church Rebuild

Peakland Baptist Church (church), located in Meigs County, Tennessee, is home to approximately four members who meet every Sunday and Wednesday for services. The church facility included a sanctuary building for worship and separate fellowship hall. On February 18, 2019, a fire destroyed the sanctuary building. After the fire, church members decided to rebuild the sanctuary building using \$189,000 in insurance proceeds, but the reconstruction was not completed due to a lack of funds.

Carolyn Mullins became church secretary on November 4, 2015 and her son, Larry Mullins, was appointed as church treasurer on January 13, 2016. On October 25, 2017, Carolyn Mullins was assigned additional duties as assistant church treasurer, after Larry Mullins admitted to the church of misusing church funds. Both Larry and Carolyn Mullins had access to the church bank accounts and utilized online banking and checks. A new church member took over the duties of treasurer in September 2020.

The church received three separate insurance checks totaling \$189,000 which were issued March 12, March 13, and April 24, 2019 and deposited into Peakland's bank account on March 15, 2019 and May 1, 2019. On May 29, 2019, the church signed a contract to build a new sanctuary for \$118,000. By September \$95,000 had been paid to the contractor but work stopped during that month due to a lack of funds. The dry-in stage of construction had not been completed: there were large sections of metal siding to cover the outside of the building that had not been installed,

electrical and plumbing were roughed in but not completed; and the outside walls and roof were open to the elements.

After the work stopped, Larry and Carolyn Mullins hired an individual to install the heating and air conditioning units and duct work at a cost of \$12,224.36, even though the building could not be locked or protected from the elements.

On December 31, 2019, the church checking account balance was \$25.77, and on February 11, 2020, the account balance of 77 cents was closed, and the church had no money.

There were other disbursements noted on the bank statements during the rebuilding phase that were related to the church, \$4,850 was used for site preparation for a new sanctuary building, \$4,200 for cutting trees away from the building site, and \$1,600 for used pews, and miscellaneous items \$283.19. Investigators determined approximately \$118,157.55 of the transactions spent between March and December 2019, appeared to benefit the church. Below is a summary of church bank account transactions that were determined to be building expenses:

Analysis of Transactions Associated with The Church Rebuild	
Insurance Proceeds	\$ 189,000.00
Misc. Expenses (Tree cutting, site preparation, etc.)	(10,933.19)
Construction Payments	(95,000.00)
Heating, Air, & Ventilation	<u>(12,224.36)</u>
Insurance Proceeds Not Associated with Rebuilding	<u>\$ 70,842.45</u>

Two years after the building project started, the interior of the building is still exposed to the elements, birds roost in the ceiling joist, and the building has not been swept of the saw dust on the floor. Additionally, the members continued to tithe, and the church continued to pay the utilities and other operational expenses while the members meet in the fellowship hall.

RESULTS OF INVESTIGATION

1. LARRY MULLINS AND CAROLYN MULLINS MISAPPROPRIATED \$83,710.82 OF CHURCH FUNDS FOR THEIR PERSONAL USE AND BENEFIT

A. Larry and Carolyn Mullins misappropriated \$72,218.12 by making internet transfers and withdrawals from the church bank accounts to their personal accounts.

Investigators noted 463 internet transfers and withdrawals totaling \$72,218.12 from the church bank accounts into Larry and Carolyn Mullins personal bank accounts, \$57,153.01 and \$15,065.11, respectively. Investigators found nothing to indicate that these transfers and withdrawals were for the benefit of the church. Also, investigators were informed by church members that the detailed financial reports were not being read into the church minutes appropriately. The treasurer before Larry Mullins stood before the congregation and informed church members of each item purchased and presented a receipt, but when Larry Mullins became the treasurer, he would state, “we spent \$XXX since the last report”

and that was all the information the church members received about how the money was being spent. No details or documentation to support the treasurer's report were given. **(Refer to Exhibit 1.)**

Exhibit 1

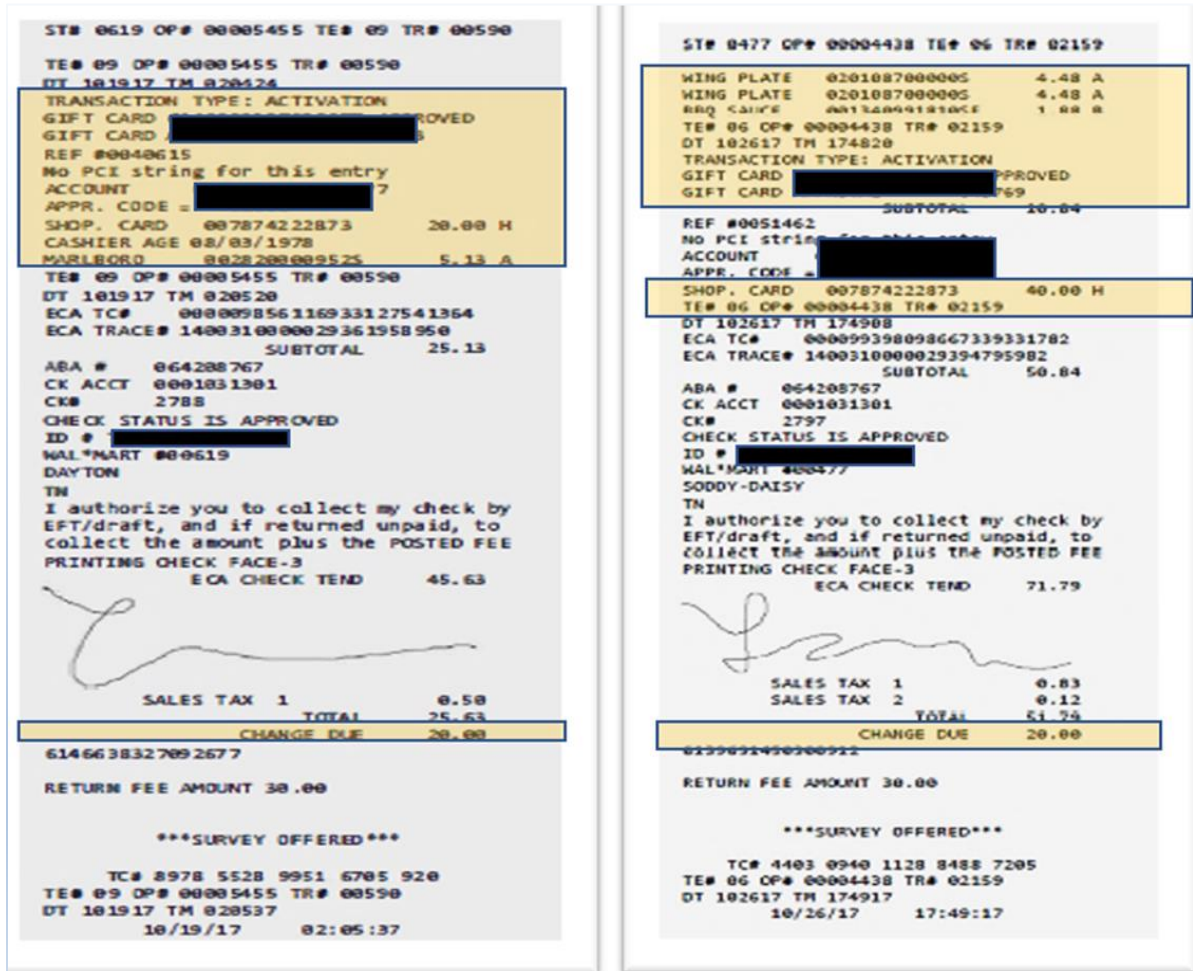
Individual	Year	Description	Amount
Larry Mullins	2018	Internet Transfers from Peakland to Personal Account	\$2,070.14
Larry Mullins	2018	Withdrawals from Peakland Deposited to Personal Account	380.00
Carolyn Mullins	2018	Internet Transfers from Peakland to Personal Account	445.00
Carolyn Mullins	2018	Withdrawals from Peakland Deposited to Personal Account	50.00
Larry Mullins	2019	Internet Transfers from Peakland to Personal Account	8,791.87
Larry Mullins	2019	Withdrawals from Peakland Deposited to Personal Account	45,760.00
Carolyn Mullins	2019	Internet Transfers from Peakland to Personal Account	10,765.11
Carolyn Mullins	2019	Withdrawals from Peakland Deposited to Personal Account	3,765.00
Larry Mullins	2020	Internet Transfers from Peakland to Personal Account	10.00
Larry Mullins	2020	Withdrawals from Peakland Deposited to Personal Account	141.00
Carolyn Mullins	2020	Internet Transfers from Peakland to Personal Account	40.00
		Total	<u>\$72,218.12</u>

Investigators noted that both Larry and Carolyn Mullins made various small internet transfers and deposits back to the church bank account totaling \$5,125. A balance of \$67,093.12 (\$72,218.12 less \$5,125) is still owed the church from the funds misappropriated by the Mullins.

B. Larry and Carolyn Mullins misappropriated \$11,492.70 by issuing checks from the church bank accounts for personal purchases.

Larry and Carolyn Mullins misappropriated \$11,492.70 by issuing checks from the church bank accounts for personal purchases. As treasurer, Larry and Carolyn Mullins were the only authorized signatories and thus exercised control over the church bank accounts. Investigators found various checks written for cash to Larry Mullins, Carolyn Mullins, and to Wal-Mart for items such as gift cards, cigarettes, cash back, a ring, and clothing. These checks were not for church purposes, and the church was not aware that they were spending church funds for their personal benefit. **(Refer to Exhibit 2.)**

Exhibit 2



Walmart receipts documenting purchases of gift cards, cigarettes, food and receiving cash back.

Investigators noted that Larry and Carolyn Mullins made various small reimbursement payments to the church from their personal bank accounts totaling \$7,096.31. A balance of \$4,396.39 (\$11,492.70 less \$7,096.31) is still owed from these personal checks written by the Mullins.

On July 16, 2021, the Meigs County Grand Jury indicted William Larry Mullins and Carolyn Mullins on one count of Theft over \$60,000.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Peakland Baptist Church Investigation Exhibit](#)

As best practice, the church should appoint someone other than the treasurer to reconcile the monthly bank statements and review the church's financial activity. Separating financial duties reduces the risk that errors or misappropriations will remain undetected.
