



COMPTROLLER'S INVESTIGATIVE REPORT

Madison Academic High School Mustang Rebounders Club

May 17, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 17, 2021

JMCSS Superintendent
Marlon King
310 North Parkway
Jackson, TN 38305

and

JMCSS Board of Education
Board Members
310 North Parkway
Jackson, TN 38305

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Madison Academic High School Mustang Rebounders Club, 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 26th 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 light blue horizontal line.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Madison Academic High School Mustang Rebounders Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Madison Academic High School Mustang Rebounders Club. The investigation was initiated after Jackson Madison County School System officials reported funds missing from the Mustang Rebounders Club. The investigation was limited to selected records for the period April 2017 through June 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 26th Judicial District.

BACKGROUND



Madison Academic High School (MAHS), located in Jackson, Tennessee, is part of the Jackson Madison County School System (JMCSS). Established in 2008, the Mustang Rebounders Club (club) was a school support organization formed to support the MAHS Lady Mustangs basketball team. Charity [Maddox] Baker (Baker) was appointed treasurer of the club in May 2017. As treasurer, Baker had signatory authority on the club's bank account and was responsible for collecting funds including players' fees, fundraising and concession proceeds, and paying club-related expenses.

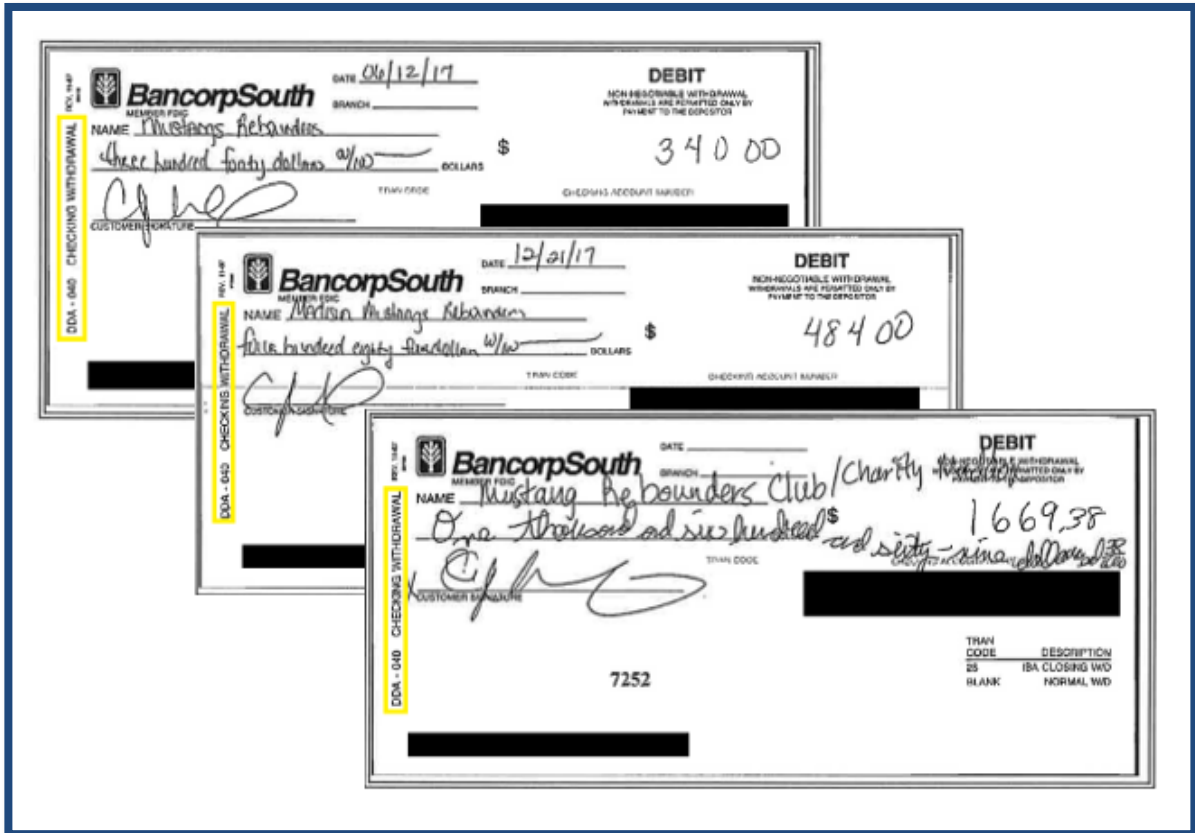
The club was dissolved by JMCSS in August 2018 after failing to renew their annual state certification. Following the dissolution, MAHS officials directed Baker to close the club's bank account and surrender any remaining funds to the school. Baker delayed closing the bank account until June 2019, at which time she surrendered the remaining balance of \$36.87 to MAHS officials.

RESULTS OF INVESTIGATION

- **FORMER MUSTANG REBOUNDERS CLUB TREASURER CHARITY [MADDOX] BAKER MISAPPROPRIATED AT LEAST \$7,582.94 IN CLUB FUNDS**

During the period April 2017 through June 2019, former club treasurer Charity [Maddox] Baker misappropriated club funds totaling at least \$7,582.94 Baker perpetrated her scheme by completing and signing counter checks to make cash withdrawals for her personal benefit (**Refer to Exhibit 1**). Counter checks are blank checks that do not have the account holder's imprinted name and address information at the top and, sometimes, also lack the account number. Counter checks are typically used when a checking account holder runs out of preprinted checks or before checks are preprinted for a new account. Baker perpetrated her scheme 14 times, withdrawing cash amounts ranging from \$75 to \$1,669.

Exhibit 1



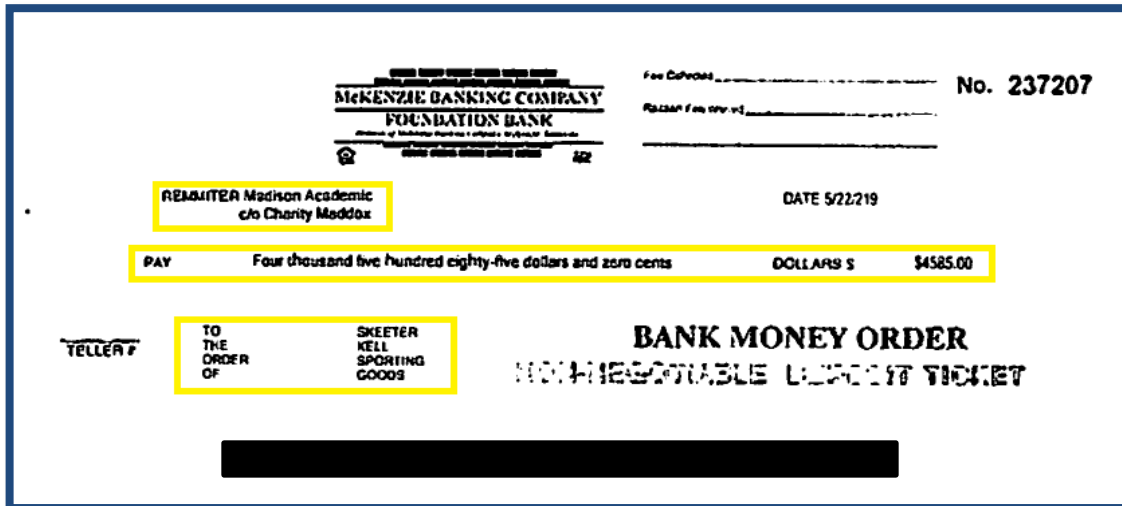
Counter checks used by Baker to withdraw cash from the club checking account

Baker was able to conceal her misappropriation through two methods:

- Baker changed the club's bank account address to her personal Post Office Box. Previously, documents associated with the club bank account had been mailed directly to MAHS.
- In June 2019, Baker submitted an altered money order receipt to make it appear as if she had used the club funds to pay an invoice related to the club (**Refer to Exhibit 2**). In September 2019, MAHS officials discovered the money order receipt was fraudulent when

the issuing bank confirmed information on the receipt, such as the remitter, payee, and amount, did not match official bank records.

Exhibit 2



Fraudulent money order receipt submitted by Baker to conceal her use of club funds for her personal benefit

Following the discovery of the altered money order, Baker admitted to JMCSS officials that she used club funds for her personal benefit. Baker declined to meet with investigators.

Summary of Misappropriation by Charity [Maddox] Baker:

| Counter Checks Written to Cash for Personal Benefit | | |
|---|------------|-------------------|
| Check # | Check Date | Amount |
| 1 | 6/12/2017 | \$340.00 |
| 2 | 6/16/2017 | \$330.00 |
| 3 | 6/19/2017 | \$150.00 |
| 4 | 6/29/2017 | \$497.00 |
| 5 | 7/18/2017 | \$75.00 |
| 6 | 12/12/2017 | \$866.27 |
| 7 | 12/18/2017 | \$950.00 |
| 8 | 12/19/2017 | \$560.00 |
| 9 | 12/21/2017 | \$484.00 |
| 10 | 12/27/2017 | \$761.29 |
| 11 | 12/29/2017 | \$500.00 |
| 12 | 1/8/2018 | \$150.00 |
| 13 | 3/7/2018 | \$250.00 |
| 14 | 5/21/2019 | \$1,669.38 |
| Total | | \$7,582.94 |

On May 3, 2021, the Madison County Grand Jury indicted Charity [Maddox] Baker on one count of Theft over \$2,500.

[MAHS Mustang Rebounders Club Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to Charity [Maddox] Baker's ability to perpetrate her misappropriation without prompt detection. These deficiencies included:

Deficiency: Officials did not provide adequate oversight of the operations of the Mustang Rebounders Club

- Club officials failed to routinely review and reconcile bank statements. To ensure deposits and disbursements are accurately recorded and appropriately used, the *Model Financial Policy for School Support Organizations (Model Policy)* requires bank statements be reconciled promptly. Club officials did not comply with the *Model Policy* and thus failed to promptly identify and verify cash withdrawals that were made using counter checks were appropriate.
- Club officials did not comply with the requirements to oversee, document, or account adequately for the proceeds of fundraising activities. As a result, investigators could not verify the amount of funds collected by the club. The *Model Policy* sets forth required collection procedures to account for proceeds from fundraisers and other collections. Officials failed to issue receipts for applicable collections or prepare count sheets signed by two responsible individuals.

Jackson Madison County School System officials indicated that they have corrected or will correct these deficiencies.