



COMPTROLLER'S INVESTIGATIVE REPORT

Claiborne County Circuit Court Clerk's Office

June 27, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

June 27, 2022

Claiborne County Circuit Court Clerk
Jackie Rosenbalm
415 Straight Creek Road
New Tazewell, TN 37825

Clerk Rosenbalm:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Claiborne County Circuit Court Clerk's Office, 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 8th 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", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Claiborne County Circuit Court Clerk's Office

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Claiborne County Circuit Court Clerk's Office. The investigation was initiated after the Comptroller's Office Division of Local Government Audit (LGA) identified and reported discrepancies involving the former bookkeeper. The investigation was limited to selected records for the period January 2015 through April 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 8th Judicial District.

BACKGROUND



The Claiborne County Circuit Court Clerk's Office (office) is in the Claiborne County Justice Center in New Tazewell, Tennessee. The clerk is elected every four years and employs deputy clerks to perform many of the office's daily duties. The clerk is responsible for maintaining records and performing other administrative duties for three courts: circuit, general sessions, and juvenile. Such administrative duties include the collection of fines and other costs assessed by the courts. The office employs a computerized system to account for all collections. When a payment is received, an electronic receipt is

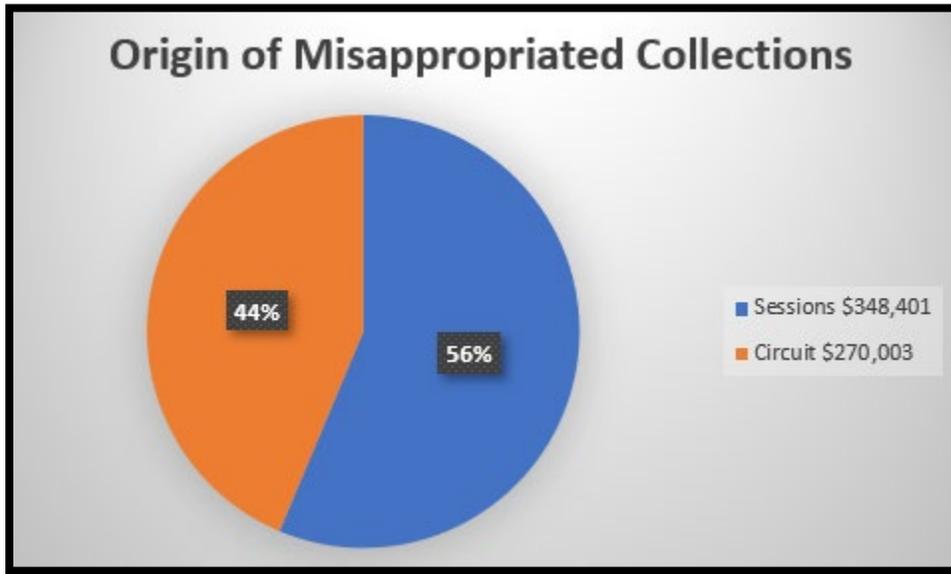
generated and recorded in the system. A paper receipt is printed and given to the payor.

RESULTS OF INVESTIGATION

1. FORMER BOOKKEEPER LESLEY CHUMLEY MISAPPROPRIATED AT LEAST \$618,404 FROM THE CLAIBORNE COUNTY CIRCUIT COURT CLERK'S OFFICE

During the period from May 2015 through February 2022, former bookkeeper Lesley Chumley misappropriated at least \$618,404 from the office by failing to deposit collections remitted to her by other office staff. Investigators reviewed bank statements and daily deposits for all three courts operated by the clerk and determined that daily collections of \$348,401 for general sessions court and \$270,003 for circuit court were not deposited into their respective bank accounts (**Refer to Exhibit 1**). For example, in February 2022, Chumley manipulated the bank deposits of circuit court collections on at least four separate days, withholding \$10,947 in cash for her personal use. Each of these daily deposits was prepared by Chumley. Chumley was responsible for reconciling daily cash collections and preparing deposits. Chumley acknowledged to investigators that she had been taking court collections and using the cash due to personal financial problems.

Exhibit 1



Misappropriation breakdown by court

2. CHUMLEY FALSIFIED BANK RECORDS TO CONCEAL HER MISAPPROPRIATION

Our investigation revealed that Chumley created false bank statements to conceal her misappropriation of office funds. She routinely inflated the bank balances in an apparent attempt to hide her scheme from other office staff and external auditors. (Refer to Exhibits 2 and 3).

Exhibit 2

3/01/22 to 3/31/22

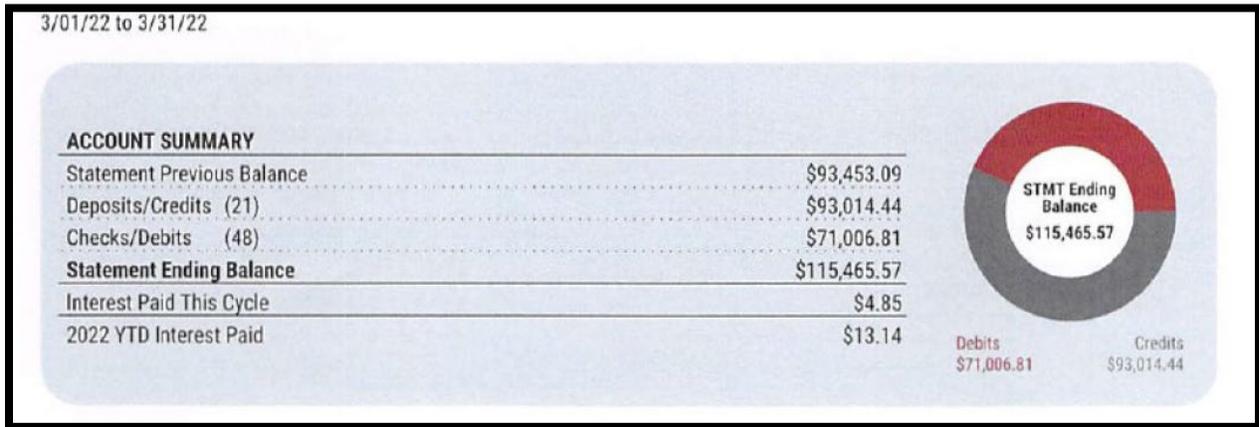
ACCOUNT SUMMARY	
Statement Previous Balance	\$417,503.34
Deposits/Credits (21)	\$93,014.44
Checks/Debits (48)	\$71,006.81
Statement Ending Balance	\$439,515.82
Interest Paid This Cycle	\$4.85
2022 YTD Interest Paid	\$13.14

STMT Ending Balance: \$439,515.82
Debits: \$71,006.81
Credits: \$93,014.44

Numbers have been altered and are not properly aligned.

Excerpt of falsified March 2022 Bank Statement- Page 1

Exhibit 3



Excerpt of actual March 2022 Bank Statement- Page 1

Bookkeeper Lesley Chumley voluntarily left the employment of the office on April 8, 2022.

On June 24, 2022, the Claiborne County Grand Jury indicted Lesley Chumley on one count of Theft over \$250,000, one count of Official Misconduct, and one count of Destruction of and Tampering with Government Records.

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

[Claiborne County Circuit Court Clerk Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance, some of which contributed to Chumley's ability to perpetrate her misappropriation over several years without prompt detection:

Deficiency: The clerk did not institute adequate controls over collections and disbursements

Investigators identified the following deficiencies in controls over collections and disbursements:

- A. The clerk failed to segregate financial duties. The bookkeeper was responsible for maintaining the accounting records, reconciling the bank statements, and preparing deposits. Sound business practices dictate that the clerk is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. Adequate segregation of duties reduces the risks that errors or intentional misappropriations will remain undetected.
- B. The clerk failed to implement adequate controls over the collection of funds. In some instances, the bookkeeper failed to issue receipts for collections. Due to the lack of records and controls over collections, investigators were unable to determine whether additional collections were misappropriated, misapplied, or misused. Providing adequate accountability and oversight of collections helps ensure all collections are accounted for properly.
- C. In some instances, a signature stamp was used by the bookkeeper to affix the clerk's signature on checks. *Tennessee Code Annotated* does not provide for the use of a signature stamp. The clerk should immediately discontinue the use of any signature stamp. (**Refer to Exhibit 4**).

Exhibit 4



Clerk's signature stamp

The clerk indicated that she has corrected or intends to correct these deficiencies.
