



COMPTROLLER'S INVESTIGATIVE REPORT

Middle Tennessee State University – Campus Outreach

August 23, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

August 23, 2023

Dr. Sidney McPhee, President
and Board of Trustees
Middle Tennessee State University
3500 John A Merritt Blvd.
Nashville, TN 37209

Middle Tennessee State University Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of Middle Tennessee State University – Campus Outreach, 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 16th 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 that reads "Jason E. Mumpower".

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Middle Tennessee State University – Campus Outreach

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Campus Outreach at Middle Tennessee State University. The Comptroller’s Office initiated the investigation after Middle Tennessee State University’s Internal Audit personnel notified the Comptroller’s Office of a questionable request for reimbursement submitted by Campus Outreach at Middle Tennessee State University. The investigation was limited to selected records for the period from April 2014 through September 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 16th Judicial District.

BACKGROUND



Middle Tennessee State University (MTSU) promotes student involvement in extracurricular activities by officially recognizing student organizations that represent the interests of the student body. All MTSU students enrolled in seven or more credit hours per semester pay a \$40 Student Activity Fee (SAF) to MTSU. Sixteen dollars of each student’s SAF are allocated to student organizations, and officially recognized student organizations are eligible to apply for awards of SAF each semester. The MTSU Student Activity Fee Award Committee establishes Student Activity Fee award amounts for eligible student organizations. All awarded funds are disbursed strictly on a reimbursement basis. The MTSU Student Organizations and Service Office processes requests for SAF reimbursements by reviewing documentation submitted by eligible student organizations.

The onset of the COVID-19 pandemic altered the rules for reimbursable events beginning in spring 2020. Reimbursement for events involving student travel was forbidden at that time, and those rules remained in effect for over a year afterwards.

Campus Outreach is a global, faith-based nonprofit organization that operates ministries on college campuses. It has dozens of regional headquarters that direct ministries at various colleges and universities. Campus Outreach at MTSU is a subsidiary of Campus Outreach Memphis. Campus Outreach Memphis is a student ministry that is supervised by Second Presbyterian Church (2PC) of Memphis, Tennessee. 2PC manages the finances of Campus Outreach Memphis and the campuses in its region, including payroll, paying for events, and in the case of MTSU, receiving SAF reimbursement payments paid by MTSU. As of 2020, Campus Outreach at MTSU was a longtime recipient of SAF reimbursements.

Campus Outreach at MTSU is led by a campus director and a group of campus ministers. In fall 2020, Greg McCall transitioned from the role of campus director to campus minister, John Thomas “JT” Farmer became the campus director, and Austin “Audy” Smothers was the Campus Outreach at MTSU student chapter president. McCall and Farmer were both involved in the preparation and submission of SAF reimbursement requests during fall 2020. MTSU’s process required SAF documents to be submitted electronically through Smothers. During that semester, MTSU officials became suspicious of Campus Outreach’s \$4,700 reimbursement request for an annual event called the New Year’s Conference (NYC) because information online reflected that it had been canceled. MTSU did not reimburse Campus Outreach the requested \$4,700 for the 2020 NYC.

RESULTS OF INVESTIGATION

1. FARMER, MCCALL, AND SMOTHERS COLLABORATED TO SUBMIT A FALSE REIMBURSEMENT REQUEST FOR \$4,700

In September 2020, Campus Outreach at MTSU submitted an application for reimbursement for its annual NYC event. MTSU officials noted that information online about the event reflected it was canceled due to the COVID-19 pandemic, so they questioned Campus Outreach at MTSU about it. McCall responded to the inquiry on November 2, 2020, and informed MTSU that the NYC event would be hosted virtually (**Refer to Exhibit 1**).

Exhibit 1

From: Greg McCall <greg.mccall@campusoutreach.org>
Sent: Monday, November 2, 2020 2:57 PM
To: [REDACTED]@mtsu.edu>
Subject: Re: [EXTERNAL] Re: FW: Fall 2020 Student Activity Fee Award Letter

Virtual
It's goes to Registration to Attend the Conference. They also will Receive a Booklet and Binder at Registration.

Email response from McCall to MTSU stating that the 2020 NYC event would be hosted in a virtual format.

After Campus Outreach at MTSU informed MTSU personnel that the NYC event would be hosted in a virtual format, its application was approved. On November 25, 2020, Farmer completed and submitted through Smothers a SAF reimbursement request form that stated the NYC event would be hosted December 27th through 31st, 2020, that it would be “virtual this year,” and requested

\$4,700 to reimburse students' registration fees. This request excluded information about the event's physical location (**Refer to Exhibit 2**).

Exhibit 2

Date Submitted: <u>11.25.20</u>						
STUDENT ACTIVITY FEE - REIMBURSEMENT REQUEST FORM (Please attach receipts to this form.)						
1. Name of Organization (No abbreviations): <u>Campus Outreach</u>						
2. Contact Name: <u>JT Farmer</u> Phone: <u>(615)-427-5249</u>						
3. How should these funds be issued to your organization? <input checked="" type="checkbox"/> Direct Deposit to off campus bank account <input type="checkbox"/> University Agency Account If yes, university account #: _____ <input type="checkbox"/> Direct payment to MTSU Invoice or co-sponsoring University Department If yes, university account #: _____						
4. Event/Program Name and Date: <u>New Year's Conference - Dec 27-31st, 2020</u>						
5. SUMMARY OF EXPENSES: Briefly describe the event or purchase for which you are requesting reimbursement: <u>The New Years Conference is an event hosted every year to assist students in helping them grow in ch</u> <u>We will be having 2 different speakers talking on these topics who will include</u> [REDACTED]						
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Type of Expense</th> <th style="text-align: center;">Amount to be reimbursed*</th> <th style="text-align: center;">Amount Allocated</th> </tr> </thead> <tbody> <tr> <td>Registration</td> <td style="text-align: center;">4700</td> <td style="text-align: center;">4700</td> </tr> </tbody> </table>	Type of Expense	Amount to be reimbursed*	Amount Allocated	Registration	4700	4700
Type of Expense	Amount to be reimbursed*	Amount Allocated				
Registration	4700	4700				

Excerpt of the SAF reimbursement request form for the 2020 NYC event. The form was emailed from Farmer to Smothers and then submitted to MTSU electronically.

Requests by investigators for information from the Campus Outreach Memphis office revealed that Campus Outreach at MTSU began booking accommodations in Gatlinburg for its NYC event in October 2020, a month before the reimbursement request form was submitted to MTSU. Investigators learned that the December 2020 Gatlinburg NYC event was never held. Investigators reached out to several of the listed attendees from the December 2020 Gatlinburg NYC event, including Smothers, and learned that events in Gatlinburg had been planned, and subsequently canceled. No information was provided to MTSU about the cancellation.

2. FARMER, MCCALL, AND SMOTHERS COLLABORATED TO SUBMIT A FABRICATED RECEIPT TO MTSU FOR PAYMENT OF \$4,700

After MTSU received the SAF reimbursement request form for the 2020 NYC event on November 25, 2020, MTSU personnel requested additional supporting information for the \$4,700 expense claimed by Campus Outreach at MTSU. The supporting document submitted by Campus Outreach with the initial request for reimbursement contained a listing of student names, a registration rate per person, and a total of \$4,700 (20 attendees at \$235 per person) (**Refer to Exhibit 3**).

Exhibit 3




CLIENT:
EVENT: New Years Conference
RECEIPT DATE: November 18th,2020

SERVICE	DESCRIPTION	QTY	PRICE	TOTAL
Registration	[REDACTED]	1	\$235.00	\$235.00

Documentation submitted by Campus Outreach to support the initial request for reimbursement for the 2020 NYC event.

Beginning in December 2020, MTSU personnel repeatedly requested proof of the purchase to support the \$4,700 amount. Campus Outreach at MTSU then resubmitted the same document through Smothers reflecting only student names and the \$4,700 total. MTSU officials asked for additional support for the amount, to include a copy of a canceled check or credit card receipt or statement. On December 10, 2020, a similar document, which contained misspellings and apparent credit card information and a new date, was submitted to MTSU through Smothers (**Refer to Exhibit 4**).

Exhibit 4



CLIENT: Campus Outreach Memphis
EVENT: MTSU New Years Conference 2020
DATE: 12/10/2020
Card used for Purchase: VISA xxxx-xxxx-xxxx-0292

Misspelled words appeared in the updated document.

SERVICE	DESCRIPTION	QTY	PRICE	TOTAL
Registratation	[REDACTED]	1	\$235.00	\$235.00

Documentation submitted by Campus Outreach at MTSU with supposed credit card purchase confirmation to induce \$4,700 payment.

Investigators determined that McCall contacted the Campus Outreach Memphis office in early December 2020 and directed Campus Outreach’s credit card information to be entered on a document to indicate a \$4,700 credit card purchase had occurred. Campus Outreach Memphis personnel affirmed that no such expense was ever incurred, and that the document was created to induce MTSU to pay the \$4,700 expense claim submitted by Campus Outreach at MTSU for the 2020 NYC event. Farmer and McCall advised that the claimed \$4,700 amount was simply a repeat of the amount reimbursed for the 2019 NYC event. Farmer and McCall produced the list of names and amounts per student in order to recoup the exact \$4,700 amount that was approved on the 2020 NYC event’s application. The \$4,700 expense claimed for reimbursement never occurred.

3. CAMPUS OUTREACH AT MTSU PROVIDED FALSE INFORMATION ABOUT ITS FINANCIAL CONDITION TO MTSU

Beginning in 2021, MTSU updated its application process and began to mandate a financial report from student organizations applying to be eligible for SAF reimbursements. The financial report form was a single page, and in fall 2020 it asked for student organizations to report their bank account balances as of December 15, 2020, and May 15, 2021. Campus Outreach at MTSU submitted the form on September 15, 2021. It reported its bank account balance on December 15, 2020, as \$95, and it reported its bank account balance on May 15, 2021, also as \$95. MTSU officials emailed Campus Outreach at MTSU’s student treasurer, who completed and signed the form, and asked if the \$95 account was the same account into which MTSU deposited SAF reimbursement payments to Campus Outreach at MTSU. The student responded that it was the same account. Investigators obtained the bank account statements from a Campus Outreach Memphis employee. The bank account statements revealed that the balance on December 15, 2020, was \$500, and that the balance on May 15, 2021, was \$59,727.37. As a result, in September 2021 Campus Outreach at MTSU entered false information on a mandatory report and submitted to MTSU, and in doing so it significantly underreported its financial position from December 2020 and May 2021 to MTSU.

On August 7, 2023, the Rutherford County Grand Jury indicted Greg McCall for one count of Attempted Theft of Property over \$2,500, one count of Forgery, one count of Criminal Simulation, and one count of False Entries in a Governmental Record.

On August 7, 2023, the Rutherford County Grand Jury indicted John Thomas “JT” Farmer for one count of Attempted Theft of Property over \$2,500, one count of Forgery, one count of Criminal Simulation, and one count of False Entries in a Governmental Record.

On August 7, 2023, the Rutherford County Grand Jury indicted Austin “Audy” Smothers for one count of Attempted Theft of Property over \$2,500, one count of Forgery, one count of Criminal Simulation, and one count of False Entries in a Governmental Record.

The charges and allegations contained in the indictments 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.

[Middle Tennessee Campus Outreach Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCY

The Student Organizations and Service Office at MTSU is directed by various internal policies and procedures, including MTSU's *Student Activity Fee Guidelines* and the *Student Organization Handbook*. Those policies identify criteria to determine eligible activities and expenses that may be reimbursed with SAFs. The policies also require the review of required documentation by university officials prior to the disbursement of funds to ensure that established criteria have been met.

Deficiency: The Student Organizations and Service Office did not require Campus Outreach at MTSU to comply with the *Student Organization Handbook*

The *Student Organization Handbook* requires student organizations to submit information about all MTSU students and employees who are traveling with a student organization prior to leaving for each trip. MTSU reimbursed Campus Outreach at MTSU for events involving student travel from 2016 through spring 2020. MTSU officials could not locate student travel records for this period as required by the *Student Organization Handbook*. If MTSU had complied with the *Student Organization Handbook*, Campus Outreach at MTSU personnel could have been prevented from attempting to receive reimbursement for an event involving travel that was prohibited by MTSU's rules at the time.

University officials made significant updates to Student Activity Fee reimbursement procedures in 2021. Officials indicated that they have corrected or intend to correct these deficiencies.
