



COMPTROLLER'S INVESTIGATIVE REPORT

Upperman High School Fishing Booster Club

July 3, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

July 3, 2024

Putnam County Director of Schools
1400 East Spring Street
Cookeville, TN 38506

Putnam County Director of Schools:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Upperman High School Fishing Booster 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 13th 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

UPPERMAN HIGH SCHOOL FISHING BOOSTER CLUB

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Upperman High School Fishing Booster Club. The investigation was limited to selected records for the period November 2022 through March 2024. The results of the investigation were communicated with the Office of the District Attorney General of the 13th Judicial District.

BACKGROUND



Upperman High School (school), located in Baxter, Tennessee, is part of the Putnam County School System and serves students in grades 9 through 12. Students may participate in extracurricular programs, including the school fishing team. The Upperman High School Fishing Booster Club (club) is a school support organization (SSO) led by parents and other volunteers to support and promote the fishing team. The club was incorporated as a Tennessee nonprofit corporation in September 2017.

From November 2022, through March 2024, officers of the club included a president, vice president, treasurer, and secretary. During this period, one person served a dual role, as both club treasurer and secretary. The treasurer oversaw the club's bank account, and was responsible for collecting and depositing funds, and for paying club expenses. The club primarily collected funds through sponsorships. The club mostly disbursed funds for team jerseys, fishing association membership dues, tournament fees, and travel associated with tournaments.

The School Support Organization Financial Accountability Act, codified in Tenn. Code Ann. § 49-2-601 *et. seq.* provides that booster club officers, like officers of all other SSOs, are required to ensure the funds and the property of their organization are safeguarded and used only for purposes related to the goals and objectives of the organization. To assist such officers in discharging their duties, the Comptroller, pursuant to Tenn. Code Ann. § 49-2-610, published the *Model Financial Policy for School Support Organizations (Model Financial Policy)*, which prescribes a set of accounting controls to ensure the funds are used to further the organization's goals and objectives.

RESULTS OF INVESTIGATION

1. THE FORMER UPPERMAN HIGH SCHOOL FISHING BOOSTER CLUB TREASURER ROSEMARY DOWNS MISAPPROPRIATED FUNDS TOTALING AT LEAST \$14,806.82

From November 2022 through March 2024, the former club treasurer, Rosemary Downs, misappropriated club funds totaling at least \$14,806.82. During this time, Downs served as the treasurer for the club. Downs had direct access to the club's checking account and was an authorized signatory on the club bank account. She was authorized to make deposits, write checks, pay club bills from the account, and use the account's debit card to make purchases for official club purposes.

Downs used the following four schemes to knowingly misappropriate club funds for her personal use without the authority or knowledge of club officers:

A. Over-the-Counter Checking Withdrawals

In fifteen instances, Downs completed and signed checking withdrawal slips at the bank and withdrew cash totaling \$11,215.00 for her personal use from the club's checking account without authorization (**Refer to Exhibit 1**).

Exhibit 1

The image shows a One Bank checking withdrawal slip. The slip is titled "CHECKING WITHDRAWAL DEBIT" and includes the One Bank logo. It contains the following handwritten information: DATE 03/01/2024, NAME Upperman Fishing, and the amount "Five Hundred ten and 00/100" followed by "DOLLARS". The signature of the depositor is Rosemary Downs. The amount of withdrawal is \$510.00. The account number is redacted with a black box. The slip is dated 03/01/2024 and for \$510.00. There is a small number 17 in the bottom right corner of the slip.

Over-the-counter checking withdrawal completed and signed by Downs

B. ATM Cash Withdrawals

As treasurer, Downs was assigned a club debit card. In seven instances, Downs used her club assigned debit card without consent or authorization to withdraw cash totaling \$798.00 for her personal use from ATM machines (**Refer to Exhibit 2**).

Exhibit 2

DATE	AMOUNT	DESCRIPTION
02/09/2024	203.00	ATM Cash Withdrawal CITIZENS BANK COOKEVILLE TN Terminal ID: JA1589 Serial #: 000063188
02/13/2024	63.00	ATM Cash Withdrawal PAI ISO COOKEVILLE TN Terminal ID: RT64995 Serial #: 000007458
02/20/2024	43.00	ATM Cash Withdrawal F & M BANK COOKEVILLE TN Terminal ID: TN000349 Serial #: 000314496
02/23/2024	203.00	ATM Cash Withdrawal BUILTWELL BANK COOKEVILLE TN Terminal ID: JA0539 Serial #: 000422306
02/27/2024	163.00	ATM Cash Withdrawal CITIZENS BANK COOKEVILLE TN Terminal ID: JA1589 Serial #: 000135336
02/28/2024	20.00	ATM Cash Withdrawal

Multiple ATM cash withdrawals in February 2024

C. Unauthorized Checks

Downs wrote eight unauthorized club checks payable to her husband totaling \$2,393.82. Downs advised investigators that she subsequently endorsed the club checks by signing her husband's name on the back of the checks without his knowledge and cashing the club checks for her personal use.

D. Personal Purchases

Downs used her club-assigned debit card without consent for unauthorized personal purchases totaling \$400.00. She made two Carnival Cruise transactions for a personal trip (**Refer to Exhibit 3**).

Exhibit 3

DATE	AMOUNT	DESCRIPTION
11/01/2022	200.00	Debit Card Transaction CARNIVAL CRUISE TKMIAMI FL 28004043
11/01/2022	200.00	Debit Card Transaction CARNIVAL CRUISE TKMIAMI FL 20004043

Two debit card transactions from the club's bank statement for Carnival Cruise purchases

Summary of Misappropriation by Former Club Treasurer Rosemary Downs

Misappropriation	Amount
A. Over-the-Counter Checking Withdrawals	\$11,215.00
B. ATM Cash Withdrawals	\$798.00
C. Unauthorized Checks	\$2,393.82
D. Personal Purchases	\$400.00
Total	<u>\$14,806.82</u>

Downs admitted to investigators that she used club funds for personal use. Between November 2023 and March 2024, investigators identified 12 checks totaling \$5,425.00 drawn from Downs's personal checking account and deposited into the club account. However, one personal check totaling \$900.00 was returned for insufficient funds. Investigators also noted two unidentified cash deposits in March 2024, which Downs claimed were her personal funds used to reimburse the club account. The table below summarizes Downs's personal deposits to the club account.

Downs's Personal Deposits to the Club Account

Personal Deposits	Amount
Total Check Deposits from Downs	\$ 5,425.00
Returned for Insufficient funds	\$ (900.00)
Unknown Cash Deposited; credited to Downs	\$1,500.00
Total Deposited by Downs	<u>\$6,025.00</u>

2. THE FORMER UPPERMAN HIGH SCHOOL FISHING BOOSTER CLUB TREASURER ROSEMARY DOWNS ACCEPTED A \$1,000.00 CASH DONATION WITHOUT MAINTAINING ANY ACCOUNTING RECORDS

In September 2023, while attending the High School Fishing World Finals in Lacrosse, Wisconsin, Downs accepted a \$1,000 cash donation from an Upper Cumberland Junior Bass Fishing Club representative. Investigators were advised that the donation was to be used for the Upperman Fishing Team's expenses incurred while in Wisconsin. However, Downs did not issue a receipt for these funds and did not maintain financial records, including invoices or receipts for the disbursement of these funds. Therefore, investigators could not determine whether these funds were used exclusively for the benefit of the club.

On July 1, 2024, the Putnam County Grand Jury indicted Rosemary Downs on one count of Theft over \$10,000 and one count of Forgery.

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.

[Upperman High School Fishing Booster Club Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to Downs' ability to perpetrate her misappropriation without prompt detection. These deficiencies included:

Deficiency 1: Club officers failed to implement adequate segregation of duties

Club officers failed to segregate duties adequately. Downs was allowed exclusive control over all financial duties. The *Model Financial Policy* states, "Duties shall be segregated between officers and members of the SSO. No one person within the SSO shall be in control of a transaction from inception to recording." Allowing one individual exclusive control over all financial duties increases the risk of fraud without prompt detection.

Deficiency 2: Club officers did not require two signatures on checks

Club officers did not require two signatures on checks. The former treasurer was the sole signer of all checks. The *Model Financial Policy* recommends, "Official prenumbered checks should require two signatures." Checks with two signatures provide an increased degree of control by indicating that both authorized signers agree that the payment is proper and reasonable.

Deficiency 3: Club officers did not properly safeguard and maintain accurate records

Club officers did not maintain bank statements, imaged deposit slips and checks, or documentation for cash withdrawals. Club officers had to request detailed statements from the bank when Downs' misappropriation was discovered. Additionally, club officers did not require Downs to maintain receipts/invoices for disbursements. According to the *Model Financial Policy*, "All collection and disbursement records, bank statements, imaged checks, receipts/invoices for disbursements... shall be organized, and maintained by the treasurer or bookkeeper by fiscal year." Failing to maintain adequate financial records greatly increases the risk that fraud, waste, and abuse will occur without prompt detection.

Club officers indicated that they have corrected or intend to correct these deficiencies.
