



COMPTROLLER'S INVESTIGATIVE REPORT

Middle Tennessee State University Actuarial Science Program

May 8, 2025

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 8, 2025

President Sidney McPhee
1301 E. Main St.
Murfreesboro, Tennessee 37172

President McPhee:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Middle Tennessee State University Actuarial Science Program, 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, appearing to read "Jason E. Mumpower", written over a horizontal line.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Middle Tennessee State University Actuarial Science Program

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to Middle Tennessee State University's Actuarial Science Program. The investigation was initiated after Middle Tennessee State University's Internal Audit reported questionable financial transactions between an Actuarial Science Professor and students. The investigation was limited to selected records from January 2020 through December 2024. Investigators expanded the scope of the investigation to include selected transactions through February 2025. The results of the investigation were communicated to the Office of the District Attorney General of the 16th Judicial District.

BACKGROUND



Middle Tennessee State University (university) is a state university in Murfreesboro, Tennessee, and was founded in 1911. The university offers a variety of undergraduate and graduate degrees, including Actuarial Science. Actuarial Science consists of courses in mathematics, statistics, and economics. Professor Don Hong is the Actuarial Science Coordinator for the university's Actuarial Science Program. Hong's role in the Actuarial Science Program includes traveling to China to create partnerships with other universities and recruiting students into the Actuarial Science Program at the university. The university offers a degree program with Chinese universities, the 3+1+1 program, in which students study at a university in China for three years, then come to Middle Tennessee State University and study for two years, where they receive both a bachelor's and master's degree.

The university has established numerous scholarships, funded by financial donations, to assist students financially with educational expenses while in the Actuarial Science Program. There are at least three funds associated with the Actuarial Science Program, including two for scholarships

and one for Hong's research. Hong is also the faculty advisor for the Actuarial Math Student Association (AMSA). The AMSA is a recognized student association by the university, but its funding is maintained outside the university.

RESULTS OF INVESTIGATION

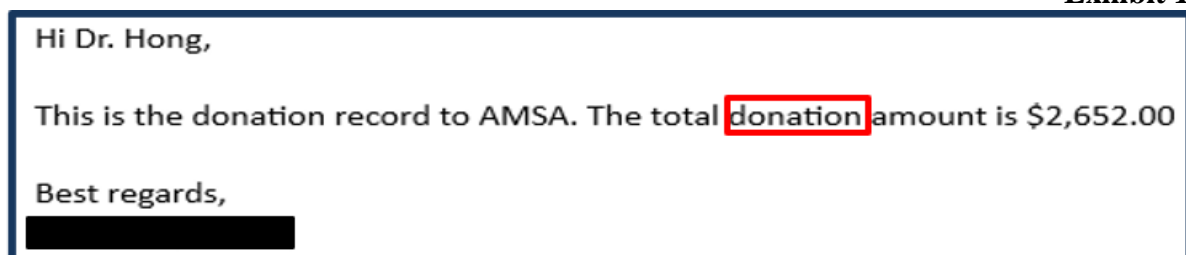
1. PROFESSOR DON HONG MISAPPROPRIATED AT LEAST \$8,225.48 IN UNIVERSITY DONATIONS

From January 2020 through May 2024, Hong misappropriated at least \$8,225.48 in university donations by failing to remit donations he received from students to the university. Investigators determined that Hong suggested students donate to the Actuarial Science Program, while a student would collect the student donations and then transfer the money to Hong's personal bank account via Zelle, a money-transferring service. Investigators reviewed the donation records from the university, which showed what Hong had financially contributed to the university since his employment began in 2005. Based on banking and email records, investigators determined that Hong received at least \$13,375.48 in donations between January 2020 and May 2024, but he only remitted \$5,150 to the university. After Hong was aware that financial transactions were being reviewed and questioned by investigators, he remitted an additional \$11,700 to the university.

Investigators spoke to an Actuarial Science Student (Student 1) who collected donations during the scope of the investigation. He stated, in part, that he would collect donations, create a record of who donated and the amount, and then transfer those donations for the Actuarial Science Program to Hong via Zelle.

Investigators reviewed Hong's university email account and located an email that Student 1 sent to Hong confirming the donation amounts, consistent with Student 1's statements to investigators (**Refer to Exhibits 1 and 2**). According to Hong, all student donations should have been remitted to the three funds associated with the Actuarial Science Program.

Exhibit 1



Investigators located an email in which Student 1 confirmed the amount collected as donations. Hong acknowledged to investigators that donations were to be remitted to one of the three funds within the university.

Within this same email, investigators located an attachment detailing the students' names and the amounts they donated to the Actuarial Science Program (**Refer to Exhibit 2**). The money collected

from different students by Student 1 was determined to have been transferred to Hong's personal bank account.

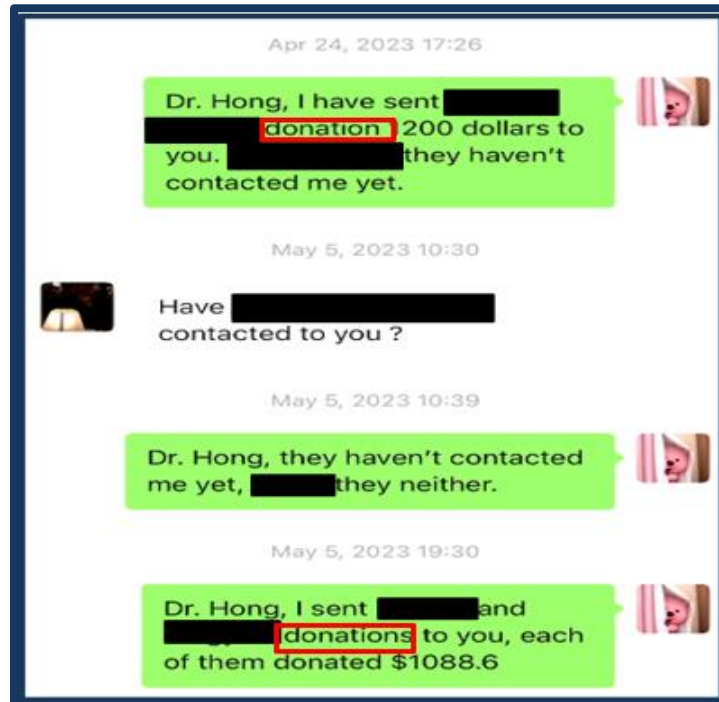
Exhibit 2

	Last Name	First Name	Amount	Date
1			600	13-May
2			601	29-May
3			600	29-May
4			500	29-May
5			351	29-May
Sum			2652	

Excerpt of the record created by Student 1 documenting the student donations to the Actuarial Science Program.

Investigators interviewed a second Actuarial Science Student, Student 2, who also collected donations for Hong, and learned that it was common to communicate with Hong via WeChat, an instant messaging service. Investigators obtained a copy of the correspondence between Hong and Student 2. In the correspondence between Hong and Student 2, the transfers were referred to as "donation" (**Refer to Exhibit 3**), which corroborates that the funds collected were donations to the Actuarial Science Program.

Exhibit 3



Excerpt of WeChat instant messages between Student 2 and Hong discussing different students' donations to the Actuarial Science Program.

While trying to account for the Actuarial Science Program donations, investigators contacted Hong and requested that he provide the banking records that were in his possession for the AMSA to determine if the donations were deposited into the AMSA instead of the university. Hong responded to investigators, in part, that he was in Europe on a personal trip until June 22, 2024 (**Refer to Exhibit 4**). Investigators found a check written by Hong to the university for donations, and the date on the check was one day after Hong told investigators that he would be returning from Europe (June 23, 2024). The memo line on the check states in part, "2023-24 contributions," but investigators determined this check was written approximately fourteen months after Hong began to receive donations from Student 2 (**Refer to Exhibit 4**).

Exhibit 4

Dear [REDACTED]
 I am in Europe right now for a family vacation till next weekend (June 22)

DON HONG
 [REDACTED]
 789
 June 23, 2024
 BL Hong scholarship
 Pay to the order of MTSU Foundation (91310) \$ 3500.00
 Three thousand Five Hundred and 00/100 Dollars
 Bank of America
 ACH R/T 084000020
 Memo 2023-24 contributions
 Advantage
 [Signature]

Excerpt of an email from Hong to investigators and a check written by Hong to the university after he was contacted by investigators regarding AMSA bank records.

Investigators interviewed Hong, who gave numerous conflicting and inconsistent explanations as to why he did not remit the full amount of donations to the university once they were received. These explanations included that he was gradually paying the money back, investing the money to receive interest, holding onto the money to invest it later, and waiting to remit the money to the university at the end of the semester. Hong acknowledged to investigators that transfers with the title “donation” were donations and thus were to be remitted to one of the three specific funds maintained by the university as part of the Actuarial Science Program. During interviews with investigators, Hong offered to pay back any money he had not remitted to the university.

Summary of Misappropriations by Professor Don Hong

	Description	Amount
A.	Donations sent by Student 1	\$7,178.28
B.	Donations sent by Student 2	4,577.20
C.	Donations sent by Student 3	1,620.00
D.	<u>Total Collections</u>	<u>13,375.48</u>
E.	Less: Money Hong remitted to the university prior to being contacted by investigators	(\$5,150.00)
F.	<u>Total Misappropriations</u>	<u>\$8,225.48</u>
G.	Money remitted by Hong after the investigation was initiated	(\$11,700.00)

2. PROFESSOR DON HONG USED HIS UNIVERSITY-FUNDED POSITION FOR PERSONAL FINANCIAL GAIN

Professors at the university are expected to comply with the policies and procedures approved and implemented by the university, including the Ethics and Code of Conduct Policy, which governs professors having a personal financial interest related to their employment and states:

Employees shall not have any personal interest, financial or otherwise, or directly or indirectly engage in a business transaction or professional activity that conflicts with the proper performance and responsibilities of their duties in the course of University employment, or that provides the appearance of such conflict.

Hong, in his role in the Actuarial Science Program, travels abroad to recruit students into the university's Actuarial Science Program. The university pays Hong as a professor and for the recruitment trips; thus, Hong should conduct the business of the university and the State of Tennessee and not seek financial gain to which he would not otherwise have access.

Investigators interviewed various students from China and determined that, prior to the students coming to the United States, Hong told the students he knew of available housing while in the United States. However, he concealed that he and/or his spouse owned the housing by using an alias, a fictitious email address, and creating fictitious lease agreements. Investigators determined that Hong led students to believe he was the third-party intermediary between the landlord and the students. As a result, when students attempted to move out or not renew their leases, Hong either persuaded them to stay or required them to continue to pay rent after they moved out, based in part on the fictitious lease agreements. Property records indicate that Hong and/or his spouse own at least six rental properties in the vicinity of the university.

A. Hong used his university-funded position to create a false identity and business to lease personal rental properties to students from China

Investigators interviewed students from the Actuarial Science Program, who stated the lease was signed by “Sarah Washington” but the students had never met her in person. Investigators obtained copies of the students’ lease agreements and noted that the company on the lease agreement was “Middleborough Building Partnership” (**Refer to Exhibit 5**). A business search through the Tennessee Secretary of State's website yielded no results. Investigators researched property records and determined that Hong and/or his spouse owned the leased properties, not “Sarah Washington” or “Middleborough Building Partnership,” as noted on the student lease agreements.

Exhibit 5

RESIDENTIAL LEASE Renewal

Property Address: [REDACTED]

TENANT(S) Name: [REDACTED]

LESSOR
 ___Middleborough Building Partnership___ Email: mbptownhomes@gmail.com

SIGNATURES

The tenant and landlord have each received identical copies of the lease, each copy signed and dated by both landlord and tenant(s).

(Lessee/Tenant's signature) [REDACTED] (date) 08/15/2023

(Lessor's Representative signature) Sarah Washington (date) 08/15/2023

Investigators noted the email address and name of the lessor

Excerpt of a student lease agreement containing a fictitious landlord.

Investigators interviewed Hong regarding the student lease agreements with “Sarah Washington.” He initially stated in part that “Sarah Washington” asked him to manage the housing with students because he was on campus, and that he communicated with her through email. When investigators informed him that the facts of the investigation showed that “Middleborough Building Partnership” was not an actual entity and “Sarah Washington” was not a real person, Hong acknowledged that he used the alias “Sarah Washington” when communicating with students through email. Hong further acknowledged that the “Middleborough Building Partnership” was not an actual entity and that he and his spouse owned the rental properties in question. Hong stated in part, “I want to be clear with students that you are my student, and you stay in my house, that is not proper so that’s why I stay separated from.”

B. A student continued to pay Hong after moving out in part because of the lease agreements created by Hong using a fictitious name

Investigators interviewed a fourth Actuarial Science Student, Student 4, who lived in one of Hong’s rental properties. She stated that when she mentioned moving out to Hong, he told her that before she made a decision, she had to get his permission, not “Middleborough Building Partnership.” At that time, she did not know that she could sign another lease agreement without his permission. Hong told Student 4 that if she moved out, she would have to pay rent through the end of the lease agreement. Student 4 told investigators that she believed it was a valid contract. Student 4 told investigators that she moved out on or about February 2022 because of a confrontation with her roommate, but continued paying Hong until her lease agreement ended. Student 4 stated that in China, students are taught to listen to their professor(s), and she believed Hong.

Investigators reviewed email and bank records and noted that Student 4 continued paying Hong from the time she stated that she had moved out of the rental property, on or about February 2022, until her lease agreement ended (**Refer to Exhibit 6**). Student 4 stated that, along with continuing to pay Hong, she also had to pay for another place to live.

Exhibit 6

2/22/2022	\$ 248.29		No description
3/21/2022	\$ 196.86		No description
4/20/2022	\$ 320.00		Rent
4/22/2022	\$ 1,660.00		No description
4/30/2022	\$ 189.16		No description
6/1/2022	\$ 176.10		No description
6/19/2022	\$ 176.85		No description
7/22/2022	\$ 214.58		No description

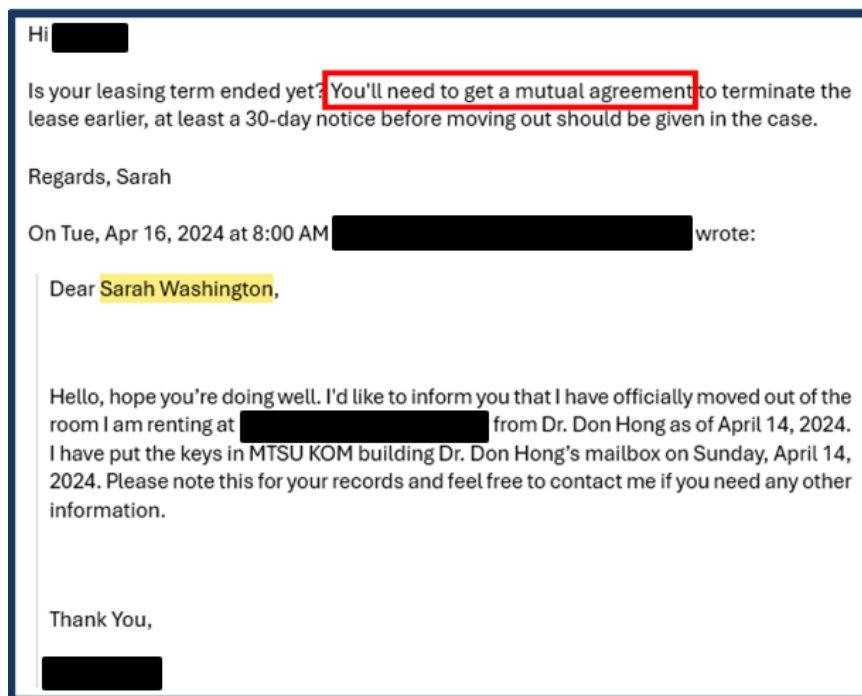
Excerpt of Student 4's payments to Hong after she moved out of his rental property and believed she had to continue paying him.

C. Hong attempted to require another student to get a mutual agreement before she could move out of the rental property owned by Hong

Investigators interviewed Student 2 and noted a similar situation to that of Student 4. Investigators reviewed email correspondence and found where Student 2 notified “Sarah Washington” that she had moved out of the rental property and left the keys at Hong’s office. “Sarah Washington” responded to Student 2 that a mutual agreement is required to terminate a lease agreement (**Refer to Exhibit 7**).

Investigators interviewed Hong regarding the email noted in **Exhibit 7** from “Sarah Washington” to Student 2, and Hong acknowledged that he sent the email telling her that she needed a mutual agreement with “Sarah” to terminate her lease agreement. It was also noted in **Exhibit 7** that Hong signed the email “Sarah,” further concealing the fact that he was leasing his personal rental properties to students.

Exhibit 7



Excerpt of an email sent by Hong to Student 2 with a false identity, telling Student 2 she needed a mutual agreement to terminate her lease early.

D. Hong used his university-funded position to receive other questionable personal benefits from students

The university's policy and procedures address the use of students for non-university-related activities that benefit a faculty member. The university's Conflict of Interest Policy states in part,

Employees shall ensure that the activities of students or support staff are not exploited for the benefit of any non-University-related activity of the faculty or staff member. Prior to assigning any such non-MTSU related task or a task not directly related to the employee's job duties to a student or member of the support staff, an employee shall disclose such proposed activities and obtain approval through his/her supervisor and the Office of Human Resource Services.

During the interview with Student 2, she alleged that Hong required her to take care of his personal pet dog during spring break. Student 2 stated to investigators that she had different schoolwork during this time but felt that Hong was unconcerned. Student 2 was not paid for taking care of Hong's dog but was given clothing as gifts from Hong's spouse, which she said made her feel uncomfortable. WeChat messages provided to investigators confirmed that Student 2 cared for Hong's dog while he was away (**Refer to Exhibit 8**). As an authority figure in the Actuarial Science Program, Hong receiving personal services

from students could give the appearance that he is exploiting his position for personal benefit. Investigators contacted the university's math department and Human Resources and found no records of Hong requesting or receiving authorization to use students for non-university purposes.

Exhibit 8



Excerpt of WeChat messages where Student 2 is discussing the care of Hong's dog.

3. PROFESSOR DON HONG DID NOT REPORT AN INCIDENT OF VIOLENCE INVOLVING A STUDENT THAT WAS REPORTED TO HIM

The investigation found that Student 4 went to Hong's office multiple times and reported an act of violence between her and her roommate that occurred at one of Hong's personal rental properties. While interviewing students regarding their housing arrangement with Hong, Student 4 described a physical altercation with her roommate, which she reported to Hong at least three times. She stated that she went to Hong's office the same day or the next to ask for help. According to Student 4, Hong advised her not to contact the police, saying it would bring shame because they are Chinese. Student 4 asked Hong to have the roommate move out, but he refused and told her that if she moved out, she would be responsible for the rent for the whole year.

In an interview with investigators, Hong acknowledged he was aware of the altercation between Student 4 and her roommate. Hong stated he told Student 4 that she could not install a camera in the rental property. Investigators reviewed records from the University Police Department, Title

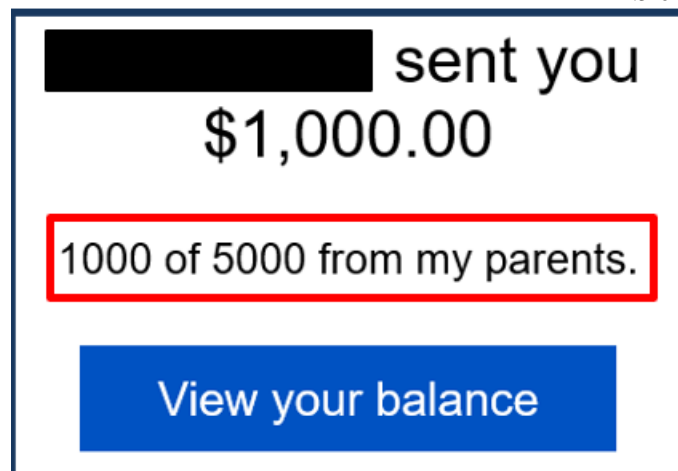
IX Coordinator, Hong's supervisor, and Human Resources, but found no evidence that Hong reported the incident.

4. PROFESSOR DON HONG RECEIVED A QUESTIONABLE AMOUNT OF MONEY FROM UNIVERSITY STUDENTS FOR VARIOUS PURPOSES

According to university policy, professors must avoid financial interests that give the appearance of a conflict of interest. The policy states in part: All employees have a duty to avoid activities and situations that, either actually or potentially, put personal interests ahead of the professional obligations that they owe to the university.

Investigators reviewed Hong's university email account and bank records and found multiple financial transactions between Hong and university students. Investigators noted that the descriptions of these financial transactions included rent, utilities, and numerous transfers with no corresponding description. Investigators also noted numerous questionable transfers to Hong from students, including a transfer labeled "1000 of 5000 from my parents" (**Refer to Exhibit 9**). Investigators were unable to determine the purpose of numerous other financial transfers between students and Hong and question whether Hong created the appearance of a conflict of interest and violated university policy by receiving a significant amount of money from students or their parents.

Exhibit 9



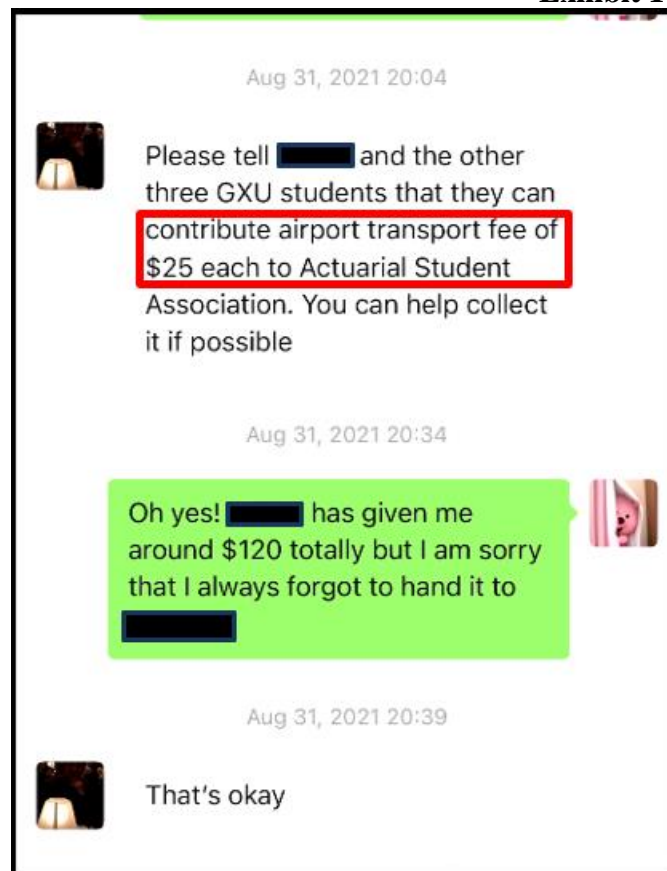
Excerpt of an email documenting a money transfer from a student to Hong's personal bank account.

5. PROFESSOR DON HONG RECEIVED A QUESTIONABLE TRAVEL REIMBURSEMENT FROM THE UNIVERSITY AFTER BEING GIVEN CASH BY STUDENTS

The university's travel policy authorizes employees to use personally owned vehicles for university business and receive reimbursement pursuant to that policy. The investigation found that occasionally, when international students would arrive in the United States, Hong would pick them up from the airport and transport them to Murfreesboro. During an interview, Student 2 told investigators that she collected cash from other international students, and it was given to Hong for the ride from the airport. In a review of Hong's university reimbursements, investigators found a travel reimbursement from the university for the same ride for which Student 2 collected cash and was given to Hong.

WeChat messages between Student 2 and Hong (**Refer to Exhibit 10**) corroborate Student 2's statements that Hong suggested the international students contribute money to the AMSA for the ride.

Exhibit 10



WeChat messages suggesting students contribute to the AMSA to cover the transportation from the airport.

Hong subsequently submitted and received a travel reimbursement of \$162.81 from the university that included the same trip for which he received cash collections from Student 2 (Refer to Exhibit 11).

Exhibit 11

DATE	PLACE LEFT	PLACE ARRIVED	MILES	Less Commute	Net Miles
8/14/2021	Nashville/Airport	Murfreesboro/MTSU	48.8		48.8
	Murfreesboro/MTSU	Nashville	37.8		37.8
8/14/2021	Nashville/Airport	Murfreesboro/MTSU	48.8		48.8
	Murfreesboro/MTSU	Nashville	37.8		37.8

Excerpt of Hong's travel reimbursement after having collected cash from students for the same travel.

During an interview, investigators asked Hong about the cash collected from students when they arrived in the United States. Hong stated, in part, that he stored the cash in his office for students to use, and Hong showed investigators the alleged box, which contained a small amount of money. However, due to other unaccounted-for funds that were last in Hong's possession and control, investigators question if the money contributed by students when they arrived in the United States was used for the Actuarial Science Program or for their benefit.

6. INVESTIGATORS QUESTION IF HONG RETALIATED AGAINST STUDENT 4 AFTER SHE REPORTED HIS POTENTIAL MISCONDUCT TO STATE INVESTIGATORS

At the time Student 4 made allegations and statements to the Comptroller of the Treasury and the Tennessee Bureau of Investigation regarding Hong's potential misconduct, she was, in addition to being a student of the university, also a university employee responsible for conducting mathematical research. State law protects government employees who report fraud, waste, and abuse, and Tenn. Code Ann. § 8-4-409 states in part,

No government employee shall suffer any of the prohibited retaliatory actions specified in § 8-50-116 for reporting to, or cooperating with, the office of the comptroller of the treasury or other investigating entity.

Student 4 is a PhD student and research graduate assistant at the university. Part of her role is to conduct mathematical research, and at times, she publishes this research in scholarly journals. Student 4, along with another student, brought various allegations to state investigators regarding Hong's conduct. A short time later, and after the investigation of misappropriated university donations was initiated, "Peter Panelist" began to submit academic misconduct allegations against Student 4 and her coauthors, implying, in part, plagiarism and suggesting the research needs to be

retracted (**Refer to Exhibit 12**). Investigators contacted one of the publications regarding the accusations, and they gave investigators the email address from which the accusations were submitted and stated they had no further follow-up from “Peter Panelist.” Due to the suspicious nature of the email address and the timing of the accusations, investigators obtained the subscriber information for this email account. Investigators reviewed the records and found that the recovery phone number for the account was a known cell phone number for Hong. Investigators also noted the registration IP address for “Peter Panelist” to be one of the recorded IP addresses used by Hong’s university Microsoft Account. Further, investigators found the email account creation date to be approximately four days before “Peter Panelist” submitted an accusation against Student 4 and her coauthors, indicating this account was created specifically to make these accusations with a fictitious identity.

Exhibit 12

Given the lack of methodological rigor and the apparent duplication of previous work, the paper by [REDACTED] should be retracted. It is concerning that such a manuscript was accepted, especially in a reputable journal under [REDACTED]

Excerpt of an email sent by “Peter Panelist” informing a journal that Student 4’s publication should be retracted. The investigation has shown that this email account is associated with Hong.

During an interview with investigators, Hong was questioned about allegations of misconduct. Hong placed responsibility on Student 4 for creating the issues he was being questioned about. He went on to ask investigators if Student 4 contacted the Tennessee Bureau of Investigation.

The investigation revealed that the accusations against Student 4 appear to be retaliatory, based on the fact that they were submitted after she reported Hong’s potential misconduct to state investigators. The investigation further showed that the email account for “Peter Panelist” was created approximately four days before an accusation was submitted against Student 4, indicating this account was designed merely to transmit anonymous allegations against her.

On May 5, 2025, the Rutherford County Grand Jury indicted Don Hong on charges of Theft of Property \$60,000 to \$250,000, Criminal Simulation \$60,000 to \$250,000, Forgery \$60,000 or more, Theft of Property \$2,500 to \$10,000, Retaliation for Past Action, Official Misconduct, and Official Oppression.

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.