



COMPTROLLER'S INVESTIGATIVE REPORT

Houston High School Football Booster Club

July 26, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

July 26, 2019

Germantown Mayor and Board of Aldermen
1930 South Germantown Road
Germantown, TN 38138

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Houston High School Football 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 30th Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

Houston High School Football Booster Club

The Office of the Comptroller of the Treasury investigated allegations of financial improprieties by the treasurer of the Houston High School Football Booster Club (booster club). This investigation was limited to selected records for the period May 1, 2018 through January 31, 2019 and the results were communicated with the Office of the District Attorney General of the 30th Judicial District.

BACKGROUND

Houston High School (HHS) is a fully accredited four-year public high school located in Germantown, Tennessee. HHS was established in 1989 and is the sole high school in the Germantown Municipal School District (GMSD).



The HHS Football Booster Club was established in May 2018, and Valarie Baker became its treasurer. In October 2018, the booster club president discovered that the treasurer had made suspicious withdrawals from the club's checking account which prompted him to obtain monthly account statements directly from the bank. After reviewing those statements, he prevented the treasurer from having further access to the club's funds by transferring those funds to a new account that did not give the treasurer any signatory authority. The president also reported the suspicious activity to our office.

RESULTS OF INVESTIGATION

- **THE BOOSTER CLUB TREASURER SPENT BOOSTER CLUB FUNDS TOTALING AT LEAST \$20,112 FOR PERSONAL PURPOSES**

During the period covered by the investigation, the booster club maintained an account at Evolve Bank. Investigators examined records related to the activity in that account and discovered that:

A. From May 2018 through September 2018, Baker used a booster club debit card that was issued to her and wrote checks on the account to convert at least \$20,112 in club funds to her personal use without the authority or knowledge of other booster club board members. Specifically-

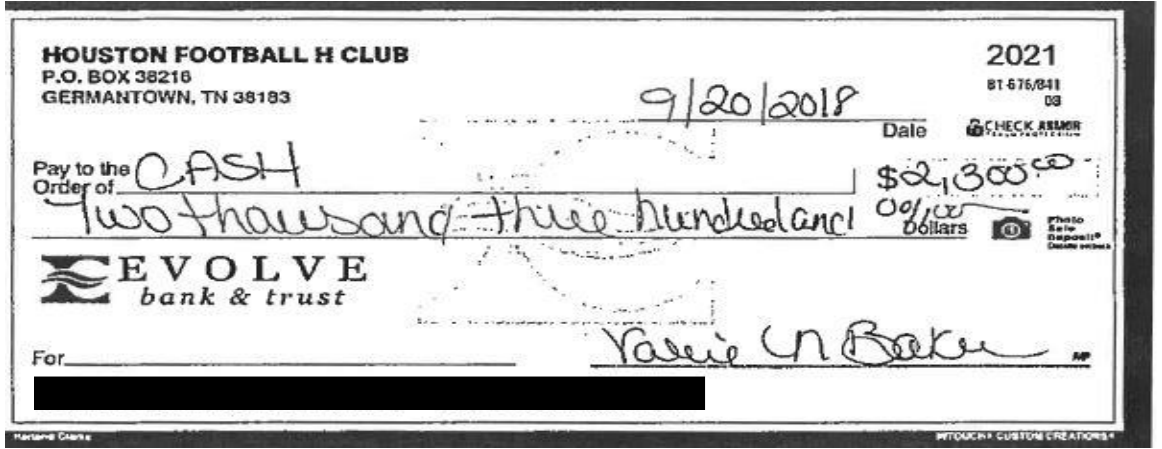
- Baker used the debit card to obtain at least \$8,059 in cash by making 27 ATM withdrawals. She made \$3,301 in unauthorized purchases at Walgreens, Target, Walmart and Kroger. In addition, Baker used the debit card to make eight payments totaling \$3,302 to Westlake Financial Services on a personal car loan. **(See Exhibit 1.)** Baker admitted to using her assigned booster club debit card for these transactions and purchases.
- Baker wrote six unauthorized checks payable to cash totaling \$5,450 and cashed the checks for her personal use. One of the checks was in the amount of \$2,300. **(See Exhibit 2.)**

Exhibit 1

5/21/2018	Westlake Financial Loan Payment	526.03				
6/4/2018	Westlake Financial Loan Payment	526.08				
6/22/2018	Westlake Financial Loan Payment	300.00				
7/2/2018	Westlake Financial Loan Payment	230.00				
7/12/2018	Westlake Financial Loan Payment	300.00				
7/16/2018	Westlake Financial Loan Payment	223.00				
8/14/2018	Westlake Financial Loan Payment	527.00	Car Lien			
9/10/2018	Westlake Financial Loan Payment	630.00	Payments			3,302.11
5/21/2018	Westlake Financial Loan Payment Service Fee	5.00				
6/4/2018	Westlake Financial Loan Payment Service Fee	5.00				
6/25/2018	Westlake Financial Loan Payment Service Fee	5.00				
7/2/2018	Westlake Financial Loan Payment Service Fee	5.00				
7/12/2018	Westlake Financial Loan Payment Service Fee	5.00				
7/16/2018	Westlake Financial Loan Payment Service Fee	5.00				
8/14/2018	Westlake Financial Loan Payment Service Fee	5.00				
9/10/2018	Westlake Financial Loan Payment Service Fee	5.00				

Westlake Financial Services Loan Payments made using the booster club debit card

Exhibit 2



Unauthorized check written for cash by Baker

Summary of Unauthorized Transactions by Treasurer Valerie Baker

Transactions	Amount
ATM withdrawals	\$8,059
Retail store purchases for personal use	3,301
Personal car loan payments	3,302
Proceeds of cashed checks retained for personal use	<u>5,450</u>
Total	<u>\$20,112</u>

- B. On January 3, 2019, without the club’s knowledge and consent, Baker wrote a \$2,000 check on the club’s account, signed the president’s name and attempted to deposit it into her personal checking account. Since that account had been closed by the club’s president, Baker was unable to successfully access club funds with that check. The bank refused to credit her account and notified the club president immediately after Baker presented the check. (See Exhibit 3.)

Exhibit 3

HOUSTON FOOTBALL H CLUB
P.O. BOX 35216
GERMANTOWN, TN 38183

2025
81-476-841
08

1/3/18 Date CHECK ABOVE

Pay to the Order of Valerie Baker \$2000.00
Two Thousand and 00/100 Dollars

EVOLVE
bank & trust

For: [Redacted]

[Signature]

2025

HOUSTON FOOTBALL H CLUB

Security Features exceed industry standards and include:

- InseeMatch™ Matching account and check number on back of check No. 8 240 3981
- MobileMark™ Mobile Deposit check mark to indicate check has been deposited via mobile device
- The Security Wave™ pattern on back designed to deter fraud
- Microprint™ lines printed on front and back
- The words: ORIGINAL DOCUMENT™ across the back
- Photo Safe Deposit™ icon visible on front and back

Do not cash if:

- Any of the features listed above are missing or appear altered
- Purple ink on back looks pink or has disappeared
- Brown stains and colored spots appear on both front and back

CHECK HERE IF MOBILE DEPOSIT

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

x Valerie Baker
Deposit

Unauthorized check written January 3, 2019 from old booster club account incorrectly dated by Baker

On July 18, 2019, the Shelby County Grand Jury indicted Valerie Baker on one count of Theft over \$10,000 and one count of Forgery.

[Houston High School Football Booster Club Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Deficiency 1: The booster club did not adopt and use sufficient operational controls to promote accountability for the use of its funds

Tennessee Code Annotated § 49-2- 604(e) states that a school support organization’s officers shall ensure that funds are safeguarded and are spent only for purposes related to the goals and objectives of the organization. That provision also requires the organization’s officers to adopt and maintain a written policy setting forth procedures for accounting, controlling, and safeguarding school support organization money and other property. The Act further authorizes the Tennessee Comptroller of the Treasury to prepare a model financial policy for school support organizations. In June 2008, the Comptroller’s Office published the “Model Financial Policy for School Support Organizations,” which was intended to provide minimum controls to assist in improving accountability over school support organization funds.

The Houston High School Football Booster Club failed establish and implement reasonable procedures for accounting, controlling, and safeguarding its funds. Our investigation uncovered the following deficiencies in booster club financial processes that enabled the treasurer to avoid detection in her misappropriation of club funds:

- Failure to separate financial duties to provide sufficient oversight. The treasurer received and counted collections, made disbursements, and was responsible for preparing and delivering deposits to the bank. Other booster club officials did not review the bank statements.
- Failed to adequately oversee, document, and account for fundraising and other collection activities.
- Failed to ensure the treasurer deposited all collections promptly and intact.
- Failed to ensure two authorized signatures were required and included on all checks.

Houston High School Football Booster Club officials indicated that they have corrected or intend to correct these deficiencies.
