



## COMPTROLLER'S INVESTIGATIVE REPORT

### Farragut High School Lacrosse

*December 1, 2020*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

December 1, 2020

Knox County Schools  
Superintendent Bob Thomas  
912 South Gay Street  
Knoxville, TN 37902

and

Knox County Board of Education  
Board Members  
912 South Gay Street  
Knoxville, TN 37902

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Farragut High School Lacrosse, 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 6<sup>th</sup> 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 black ink that reads "Justin P. Wilson".

Justin P. Wilson  
Comptroller of the Treasury

JPW/MLC

# INVESTIGATIVE REPORT

## Farragut High School Lacrosse

The Office of the Comptroller of the Treasury investigated allegations of malfeasance by the Farragut High School Lacrosse coach. The Comptroller's Office initiated the investigation after school officials reported questionable practices by the lacrosse coach. This investigation was limited to selected records for the period September 2018 through September 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 6<sup>th</sup> Judicial District.

### BACKGROUND



Farragut High School is located in Knoxville, Tennessee, and is operated by the Knox County Board of Education. The school serves students in Grades 9-12 and has a student population of approximately 1,900. Lacrosse is classified as a club sport and is one of the extra-curricular athletic opportunities of the school. The lacrosse team consists of approximately 30 members and is funded in part by \$800 per member dues. The lacrosse team is supported by the Farragut High School Lacrosse Booster Club (lacrosse boosters) and a subsidiary of

the club, Team Operations (lacrosse operations). Each group has its own bank account. Lacrosse operations, which was primarily responsible for maintenance and field operations, collects player dues and is run by a volunteer parent known as the "Director of Operations" and the Farragut High School Lacrosse coach. School officials classified the lacrosse coach as a volunteer-coach. The lacrosse coach resigned from his coaching position in July 2019.

### RESULTS OF INVESTIGATION

#### 1. FARRAGUT HIGH SCHOOL LACROSSE COACH MISAPPROPRIATED TEAM FUNDS TOTALING AT LEAST \$6,323

During the period March 1, 2019, through May 31, 2019, the lacrosse coach misappropriated at least \$6,323 from the team by using a debit card that was issued on the lacrosse operations bank account to make cash withdrawals and purchase personal items including restaurant meals, clothing, and personal cell phone charges. [Refer to Exhibit 1.] After the resignation of the Director of Team Operations in February 2019, the lacrosse coach had sole control of the operations bank account and debit card allowing him to conceal his misappropriations. Lacrosse operations received credits from a department store totaling \$89, and the lacrosse coach repaid lacrosse operations the remaining misappropriation amount of \$6,234 (\$6,323 minus \$89) over the

months of April through August 2019. The lacrosse coach told investigators in May 2020 that he used the lacrosse operations debit card for his personal benefit due to personal financial problems and noted his intention was always to reimburse the team.

**Exhibit 1**

03/26	Withdrawal Debit Card Checklink	-\$19.75
	03/25 04755420000052625526250 LITTLE JOES PIZZA KNOXVILLE TN	
03/26	Withdrawal Debit Card Checklink	-\$168.02
	03/26 04431060000090077900770 DOCKERS #722 866-290-6064 CA	
03/27	Withdrawal POS #076463 - POS SHELL SERVICE STATION KODAK TN	-\$20.00
03/27	Withdrawal Debit Card Checklink	-\$30.00
	03/26 04164070000094000940000 LONGHORN STEAK00054601 FARRAGUT TN	
03/28	Withdrawal Debit Card Checklink	-\$18.21
	03/26 04427330000079948799480 CHICK-FIL-A #02980 KNOXVILLE TN	
03/28	Withdrawal Debit Card Checklink	-\$16.44
	03/27 04269790000084804848040 GATTIS PIZZA - MARYVILLE MARYVILLE TN	
03/28	Withdrawal Debit Card Checklink	-\$27.00
	03/27 04269790000059127591270 SPORT CLIPS - TN404 - KNO KNOXVILLE TN	

*Examples of personal purchases made by the lacrosse coach using the lacrosse operations debit card*

**Summary of misappropriation by the lacrosse coach**

Misappropriation	Amount
Cash Withdrawals	\$ 2,510
Verizon Payment	1,034
PayPal	1,254
Miscellaneous Purchases	<u>1,525</u>
Total	\$ 6,323

**2. FARRAGUT HIGH SCHOOL LACROSSE COACH HAD UNSUPPORTED AND QUESTIONABLE PURCHASES TOTALING AT LEAST \$1,948**

In addition to the misappropriated amounts noted above, investigators found at least \$1,948 in unsupported and questionable disbursements from the lacrosse operations bank account for the period examined. The lacrosse coach did not adequately document certain purchases, including food and sporting goods, with itemized receipts or invoices. Therefore, investigators could not conclusively determine whether these purchases were exclusively for the benefit of the Farragut High School Lacrosse Team.

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Officers of the lacrosse boosters and lacrosse operations, like all other officers of school support organizations, are required to ensure the funds and property of their organizations are safeguarded and used only for purposes related to the goals and objectives of their organizations. To assist such officers in discharging their duties, the Comptroller, pursuant to *Tennessee Code Annotated*, Section 49-2-610, published the “Model Financial Policy for School Support Organizations (Procedures Manual)” (Model Financial Policy) in 2008 and revised in 2020, which prescribes a set of accounting controls to ensure the funds are used to further the organization’s goals and objectives.

Our investigation revealed the following deficiencies in internal control and compliance, some of which contributed to the lacrosse coach’s ability to perpetrate his misappropriation without prompt detection:

### **Deficiency 1: Lacrosse team charged players fees not authorized by the Knox County Board of Education**

Farragut High School (school) lacrosse team charged players fees, in the guise of dues, which were not authorized by the board of education. For the 2018-19 school year, players paid \$800 each directly to lacrosse operations. *Tennessee Code Annotated*, Section, 49-2-110(c), provides that schools can receive fees for student activities only if those fees are authorized by the board of education.

### **Deficiency 2: Lacrosse operations deposited school funds in its bank account**

Contrary to state law, fees charged to students to participate in the Farragut High School lacrosse program were collected, deposited, and accounted for by lacrosse operations, a subsidiary of the booster club, rather than Farragut High School. *Tennessee Code Annotated*, Section, 49-2-603(6)(F), defines fees charged to students for school-sponsored activities as student activity funds, which belong to the school, and must, therefore, be deposited in the school bank account and accounted for by school personnel. *Tennessee Code Annotated*, Section 49-2-606(a), states:

Any individual who collects or receives any student activity or other internal school funds shall turn over to the properly designated school official or employee all student activity or other internal school funds.... That a member of a school support organization or a person claiming to be a member of a school support organization collected the money is immaterial to the determination as to its status as student activity or other internal school funds.

### **Deficiency 3: The lacrosse operations had operating deficiencies**

Investigators reviewed accounting records, bank statements, and supporting documentation for the period, and found the following deficiencies relating to disbursements:

- Officials failed to ensure two signatures were required and included on all lacrosse operation checks. Requiring two signatures provide a degree of control for disbursements by indicating both signers agree that the payment is proper and reasonable.
- As noted above, investigators were not provided supporting documentation for some disbursements made by the coach from the lacrosse operations bank account. To reduce the risk of improper disbursements, officials should require and maintain adequate documentation for all purchases.

School officials indicated that they have corrected or intend to correct these deficiencies.

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