



## COMPTROLLER'S INVESTIGATIVE REPORT

**Rhea of Sunshine, Inc.**

*November 23, 2021*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

November 23, 2021

Rhea of Sunshine, Inc.  
Executive Director Michelle Cunningham Fisher  
400 Greenway Boulevard  
Dayton, TN 37321

and

Rhea of Sunshine, Inc. Board  
400 Greenway Boulevard  
Dayton, TN 37321

Rhea of Sunshine, Inc. Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of Rhea of Sunshine, Inc., 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 12<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 blue ink, appearing to read "Jason E. Mumpower", is written over a faint, larger version of the signature.

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Rhea of Sunshine, Inc.

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Rhea of Sunshine, Inc. The investigation was limited to selected records for the period October 1, 2015 through November 13, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 12<sup>th</sup> Judicial District.

### BACKGROUND



Rhea of Sunshine, Inc. (ROS) is a nonprofit corporation located in Dayton, Tennessee, that provides programs for individuals with intellectual and developmental disabilities. ROS is primarily funded by the State of Tennessee Department of Intellectual and Developmental Disabilities. ROS owns and operates eight homes that provide housing for clients. ROS also owns multiple vehicles to transport clients and staff. ROS staff maintain and repair the homes and vehicles. Repair part purchases are charged to ROS accounts at various vendors and the accounts are paid by check.

### RESULTS OF INVESTIGATION

- **FORMER MAINTENANCE TECHNICIAN REYNALDO RIVERA MISAPPROPRIATED AT LEAST \$11,871 IN ROS FUNDS**

During the period reviewed, former ROS maintenance technician Reynaldo Rivera used ROS funds to purchase vehicle parts for his personal use totaling at least \$11,871.

Vehicle parts purchased for non-ROS vehicles

Rivera engaged in a fraudulent purchasing scheme where he obtained vehicle parts using ROS's O'Reilly Auto Parts and Advance Auto Parts vendor accounts and used the parts for his personal vehicles and for his private automotive repair business. Rivera used ROS's vendor accounts to purchase vehicle parts for vehicles that were not in ROS's fleet. For instance, Rivera purchased multiple parts for a Chevrolet El Camino, which he was personally restoring. (Refer to Exhibit 1.)

Exhibit 1

**O'Reilly AUTO PARTS**  
PROFESSIONAL PARTS PEOPLE  
OFFICE P.O. BOX 1156, SPRINGFIELD, MO. 65801  
PHONE (417) 862-3333

Since 1957  
Serving Our Customers

STORE PHONE # 423 775-0440  
ADDRESS: 3795 RHEA COUNTY HIGHWAY  
DAYTON TN 37321-5819  
REMIT TO: PO BOX 9464  
SPRINGFIELD MD 65801-9464

BILL TO: 316893 SHIP TO: RHEA OF SUNSHINE  
400 GREENWAY BLVD  
DAYTON TN 37321-7900

INVOICE NUMBER: 0962-379504  
INVOICE TYPE: CHARGE SALE  
INVOICE DATE: 11/21/16

COUNTER NO.	SPECIAL INSTRUCTIONS	SHIP VIA	CUSTOMER ORDER NO.	TIME OF ORDER	FILLED BY	CHECKED BY
37751			6464	12:52:48		

TAX	R	QTY.	LINE	ITEM NUMBER	UNIT MEAS.	CD.	DESCRIPTION	LIST PRICE	NET PRICE	DISC %	CORE PRICE	EXTENDED PRICE
N		1	XXX	L240007	EA	P	FUEL TANK ST	115.78	53.29			53.29
N		1	XXX	0A78109	EA	P	THRUST BEARI	84.71	38.99			38.99
N		2	XXX	854883	EA	P	GAS TANK SEA	55.41	23.37			46.74
N		2	XXX	L240349	EA	P	MARKER LAMP	198.12	98.77			197.54

TOTALS: 6 CUSTOMER COPY "We appreciate your business"  
SUB-TOTAL: 336.56  
MISC.:  
TAX/FEES: .00  
TOTAL: 336.56

REYNOLDO RIVERA  
CUSTOMER SIGNATURE: *Rivera*

CASH TEND. CHANGE

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Assembly, Rear Marker Lamp, 1978-87 El Camino

Receipt signed by Rivera showing purchases of parts for a Chevrolet El Camino.

False entries on invoices

Rivera made false entries on invoices to conceal his fraudulent purchasing scheme. He wrote ROS vehicle descriptions on invoices to identify the vehicle for the purchase, but the parts identified on the invoices would not fit those vehicles. (Refer to Exhibit 2.)



Exhibit 2

**O'Reilly AUTO PARTS**  
PROFESSIONAL PLUMBERS PEOPLE  
Since 1957

STORE PHONE # 423 775-0440  
ADDRESS: 3795 RHEA COUNTY HIGHWAY  
DAYTON TN 37321-5819  
SHIP TO: PO BOX 9464  
SPRINGFIELD MD 65801-9464

OFFICE P.O. BOX 1156, SPRINGFIELD, MD, 65801  
PHONE (417) 862-3333

BILL TO: RHEA OF SUNSHINE  
400 GREENWAY BLVD  
DAYTON TN 37321-7900

SHIP TO: 316893

#12

INVOICE NUMBER: 0962-354174  
INVOICE TYPE: CHARGE SALE  
INVOICE DATE: 4/30/16

COUNTER NO.	SPECIAL INSTRUCTIONS	SHIP VIA	CUSTOMER ORDER NO.	TIME OF ORDER	FILLED BY	CHECKED BY
47419		DELIVER	6464	14:14:46		

TAX	R	C	QTY.	LINE	ITEM NUMBER	UNIT MEAS.	CD.	DESCRIPTION	LIST PRICE	NET PRICE	DISC %	CORE PRICE	EXTENDED PRICE
N			2	LLC 10442		EA		P/S CONDITION	16.00	9.49			16.98
N			1	MHT 431380		EA		MANUFACTURER'S DEFECT WARRANTY LIMITED 12 MONTH WARRANTY RADIATOR	203.37	111.95			111.95
<b>TOTALS</b>									235.53	130.93			130.93

REYNALDO RIVERA  
CUSTOMER SIGNATURE

CASH TEND. \_\_\_\_\_  
CHANGE \_\_\_\_\_

\*\*\*ALL MERCHANDISE RETURNED MUST BE ACCOMPANIED BY THIS INVOICE\*\*\*  
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**Nissan** (15 vehicles)  
Pathfinder LE with engine V6 - 3.3L 3275cc GAS MFI type VG33E - 2 valve SOHC  
1999, 2000  
2 vehicles

**Infiniti** (4 vehicles)  
QX4 Base with engine V6 - 3.3L 3275cc GAS MFI type VG33E - 2 valve SOHC  
2000  
1 vehicle

*Receipt for purchase of a radiator signed by Rivera and marked “#12”, which represents a ROS Chrysler van. The radiator fit Nissan/Infinity vehicles.*

- **FORMER MAINTENANCE TECHNICIAN REYNALDO RIVERA MISUSED ROS’S TAX-EXEMPT CERTIFICATE AND FAILED TO PAY AT LEAST \$1,157 IN SALES TAXES**

Rivera misused ROS’s tax-exempt certificate when he made personal purchases using ROS’s vendor accounts. He failed to pay sales tax totaling at least \$1,157 on the purchase of items that he did not use for ROS purposes.

Rivera acknowledged to investigators that he charged purchases of vehicle parts for his personal vehicles and for his private automotive repair business to ROS’s accounts without the knowledge or authority of his supervisor.

Rivera resigned on January 23, 2019, prior to the start of the investigation.

On June 7, 2021, the Rhea County Grand Jury indicted Reynaldo Rivera on one count of Theft over \$10,000.

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.

[Rhea of Sunshine Investigation Exhibit](#)

## INTERNAL CONTROL DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls, some of which contributed to the former maintenance technician's ability to make unauthorized personal purchases without prompt detection:

**Deficiency 1: The ROS Board of Directors did not provide adequate oversight of operations and did not establish internal controls**

The ROS Board of Directors did not provide adequate oversight of operations and did not establish internal controls to ensure accountability of ROS funds. The board of directors is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Providing adequate oversight and establishing internal controls reduces the risks that errors or misappropriations will remain undetected. The lack of oversight by the board of directors and the lack of internal controls contributed to the maintenance technician's ability to make unauthorized personal purchases without detection.

**Deficiency 2: ROS management did not require or retain invoices, vendor receipts, or other adequate supporting documentation for many charges on the ROS credit card**

ROS management failed to require or retain invoices, vendor receipts, or other adequate supporting documentation for multiple charges on the ROS credit card to document that funds were used appropriately. Requiring documentation such as invoices or receipts allows management to verify that all payments are proper. Retaining documentation on file provides evidence for audit review.

**Deficiency 3: ROS management did not separate duties adequately**

ROS management failed to separate duties adequately. Management allowed the former maintenance technician to order parts, to charge the parts to ROS accounts, and to accept delivery of the parts. Separating duties adequately reduces the risks that errors or misappropriations will remain undetected.

**Deficiency 4: ROS management failed to adequately monitor, review, or scrutinize vehicle parts invoices charged to ROS accounts**

ROS management failed to adequately monitor, review, or scrutinize vehicle parts invoices charged to ROS accounts. Vehicle parts invoices frequently did not include enough detail to determine which vehicle make and model the part would fit. A search of the part number, however, could have identified parts that were not suitable for ROS vehicles.

**Deficiency 5: ROS management failed to note and to investigate adequately the nature and timing of vehicle parts purchases**

ROS management failed to note and to investigate adequately the nature and timing of vehicle parts purchases. In some instances, the former maintenance technician ordered vehicle parts on weekends, although he did not normally repair ROS vehicles on weekends.

**Deficiency 6: ROS management failed to identify tools valued at \$45,761 given to the maintenance technician as compensation**

ROS management allowed the former maintenance technician to charge tool purchases totaling \$45,761 to an ROS account and keep the tools as extra compensation. ROS management did not identify the value of the tools as a taxable fringe benefit and did not include the value as compensation on the former maintenance technician's IRS Form W-2. IRS regulations require an employer to report fringe benefits provided to an employee as income on the employee's Form W-2.

**Deficiency 7: ROS management failed to pay sales tax totaling at least \$4,461 for tools purchased as compensation for the maintenance technician**

ROS management allowed the former maintenance technician to use the agency's sales tax-exempt certificate to purchase the above-noted tools. Consequently, a least \$4,461 in sales tax was not remitted to the Tennessee Department of Revenue.

ROS officials indicated that they have corrected or will correct these deficiencies.

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