



COMPTROLLER'S INVESTIGATIVE REPORT

Henderson County Volunteer Fire Department Station 7

April 4, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

April 4, 2024

Henderson County Mayor
and Board of Commissioners
17 Monroe Street, Suite #4
Lexington, TN 38351

Henderson County Mayor and Board of Commissioners:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Henderson County Volunteer Fire Department Station 7, 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 26th 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 line extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Henderson County Volunteer Fire Department Station 7

The Office of the Comptroller of the Treasury, in conjunction with the Lexington Police Department, investigated allegations of malfeasance related to the Henderson County Volunteer Fire Department Station 7. The investigation was initiated at the request of the District Attorney General of the 26th Judicial District. The investigation was limited to selected records for the period January 1, 2021, through October 31, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 26th Judicial District.

BACKGROUND



The Henderson County Fire Department (department) was chartered in 1978 and provides fire protection to Henderson County residents, outside the city limits of Lexington and Scotts Hill. The department consists of 11 district fire stations and six satellite stations, manned by 190 volunteer firefighters. Volunteer firefighters do not receive compensation for their service with the department. The department provides

fire trucks and necessary firefighting gear, while each station is individually responsible for raising funds to maintain its station. The financial business for each station is governed by nominated officers consisting of a chairman, secretary, and treasurer.

Christopher Daylon McPeake was chosen by district members to serve as fire chief of the Department Station 7 (station) in November 2022. Prior to becoming fire chief, McPeake served as a lieutenant with the station. The fire chief of the station serves a dual role as chairman and treasurer regarding financial business. The station performs a mail-out fundraiser each year to citizens and businesses to raise funding for station maintenance. As treasurer, McPeake had signatory authority on the station bank account and was responsible for all accounting functions related to the station's financial business. McPeake was removed from his position as fire chief on October 19, 2023.

RESULTS OF INVESTIGATION

- 1. FORMER HENDERSON COUNTY VOLUNTEER FIRE DEPARTMENT STATION 7 FIRE CHIEF CHRISTOPHER MCPEAKE MISAPPROPRIATED FUNDS TOTALING AT LEAST \$19,077.41**

A. McPeake improperly cashed station checks totaling \$6,832.41

Investigators analyzed station bank records and found that between December 12, 2022, and September 28, 2023, McPeake improperly cashed six checks totaling \$6,832.41, consisting of five checks written to cash and one check written to McPeake that was not supported by adequate documentation.

Investigators noted that one check, written on December 12, 2022, for \$1,250 was an official station check. This check was provided to McPeake by the former station treasurer with the expectation that it would be used for official station financial business. The remaining five checks were counter checks that McPeake obtained from the bank. McPeake wrote four counter checks with the payee listed as cash. On September 28, 2023, McPeake wrote the fifth counter check with himself listed as the payee.

Investigators analyzed McPeake’s personal checking account records and determined that five of the misappropriated station checks, totaling \$6,632.41, were deposited directly into his personal bank account.

Summary of Improperly Cashed Checks by McPeake			
Date	Payee	Type	Amount
12/09/22	Cash	Official Station Check	\$1,250
07/27/23	Cash	Counter Check	200
08/03/23	Cash	Counter Check	1,216.23
08/10/23	Cash	Counter Check	416.18
08/11/23	Cash	Counter Check	1,500
09/28/23	McPeake	Counter Check	2,250
Total Checks Improperly Cashed			\$6,832.41

McPeake stated to investigators that the cash was to reimburse himself for various work performed at the station. McPeake provided investigators with several handwritten invoices for work he did or was going to do, such as cleaning, washing, painting two fire stations, gravel work, and a dump fee reimbursement. Investigators confirmed that members of the station are not compensated for any services performed, including labor on building maintenance. McPeake admitted that he falsified invoices after investigators requested station records; however, the work had not yet been completed. Also, this work was not authorized by the station.

B. McPeake made unauthorized checking account withdrawals totaling \$11,300

On June 20, 2023, and August 22, 2023, McPeake made two unauthorized withdrawals from the station checking account, totaling \$11,300. Station members confirmed there was no reason for cash to be withdrawn from the station bank account.

Investigators analyzed the two checking account withdrawal slips and noted they were both signed by McPeake (**Refer to Exhibit 1**). Investigators also obtained a video still shot from

the bank, taken on August 22, 2023, showing McPeake executing an unauthorized \$8,800 checking account withdrawal.

Exhibit 1



Station checking account withdrawal slips signed by McPeake.

McPeake admitted to investigators that station members did not authorize the checking account withdrawals and that a portion of the money withdrawn on August 22, 2023, was used toward the purchase of a personal vehicle.

McPeake was able to conceal his misappropriation by verbally reporting to members an inflated station bank account balance. Investigators reviewed official station meeting minutes and found McPeake provided verbal information at both the September 2023 and October 2023 meetings that the bank account balance was approximately \$29,500; however, official bank account records revealed that the balance was approximately \$14,000.

C. McPeake improperly purchased equipment totaling \$945 without authorization

Investigators analyzed station invoices and discovered that McPeake placed three separate orders for helmets between January 2023 and March 2023. McPeake had the helmets billed to the station; however, they were shipped to his personal address. The invoices documented the purchase price of each helmet as \$315, totaling \$945. The invoices were paid with station funds in November 2023.

At the time McPeake was removed from his position as fire chief, he turned in his equipment to the department. McPeake did not turn in the three helmets ordered in 2023. Station members confirmed that the helmets are unaccounted for.

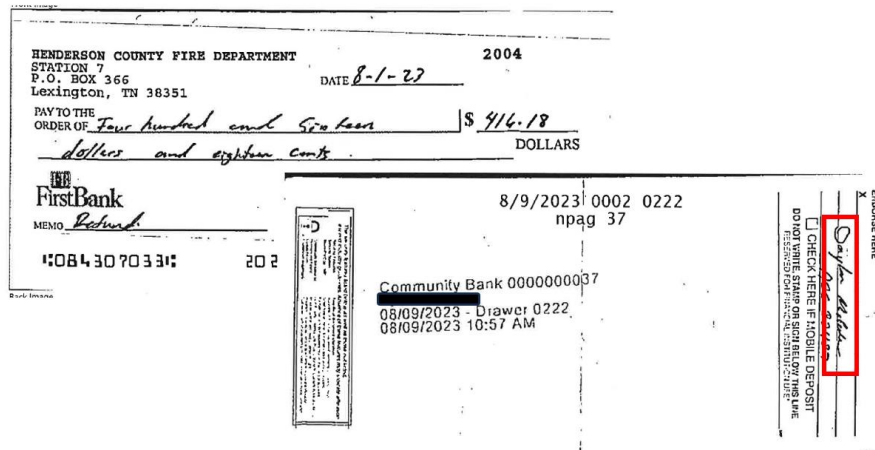
Summary of Christopher McPeake's Misappropriation	
A. Misappropriated Checks	\$6,832.41
B. Misappropriated Checking Withdrawals	11,300
C. Unauthorized Equipment Purchases	945
Total Misappropriation	\$19,077.41

2. MCPEAKE FORGED A SIGNATURE ON A STATION CHECK TO PERPETRATE HIS MISAPPROPRIATION

Investigators were made aware by a station official that one of the checks McPeake misappropriated was purported to be signed by him and contained his name on the signature line. However, the station official further stated that he had not been the one to input his signature on the check. The station official confirmed that while he did sign four checks for station business, the check in question was not one of the checks that he signed. The station official confirmed to investigators that he did not authorize anyone else to sign his name.

Investigators confirmed that the check in question was deposited into McPeake’s personal checking account (**Refer to Exhibit 2**).

Exhibit 2



Forged check deposited into McPeake’s personal account.

On April 1, 2024, the Henderson County Grand Jury indicted Christopher Daylon McPeake on one count of Theft of Property over \$10,000, one count of Tampering with or Fabricating Evidence, 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.

[Henderson County Volunteer Fire Department Station 7 Exhibit](#)

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal controls, some of which contributed to McPeake's ability to perpetrate his misappropriation without prompt detection. These deficiencies included:

Deficiency 1: Department officials did not segregate financial duties

Department officials did not segregate financial duties. McPeake had exclusive control over the department's bank accounts. He was solely responsible for the custody and safekeeping of department funds, including writing checks and depositing fundraiser collections. Separating financial duties reduces the risk that errors or misappropriations will remain undetected.

Deficiency 2: Department officials failed to ensure adequate accounting records

Department officials failed to ensure that accounting records were properly maintained and reconciled. Department officials did not review and reconcile bank statements with accounting records. The review and reconciliation of bank statements are necessary procedures to ensure all collections and disbursements are recorded accurately in the accounting records. Department officials did not require supporting documentation to be maintained for disbursements and other bank withdrawals. Disbursements of funds from the bank accounts were made by McPeake without adequate supporting documentation. Department officials did not require written financial reports to be distributed at the monthly department meetings. Requiring documentation, such as purchase receipts and invoices, allows officials to verify that the payment is proper and reasonable. Failure to maintain adequate accounting records and reconcile bank statements increases the risk that errors or misappropriations will remain undetected.

Deficiency 3: Department officials did not require prenumbered checks and dual signatures on checks for all disbursements

Department officials did not require prenumbered checks and dual signatures on checks for all disbursements. Requiring prenumbered checks provides accountability and requiring dual signatures on checks provides evidence that more than one individual verified that the check payment was both appropriate and reasonable.

Deficiency 4: Department officials did not require receipts to be issued for all collections or maintain collection logs

Department officials did not require receipts to be written for all collections or a log to be maintained for collections. Failure to produce and retain adequate documentation increases the risk of errors or misappropriations occurring without prompt detection. Due to insufficient records, investigators could not substantiate that all collections received by the department were deposited.

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