



UPPER CUMBERLAND DEVELOPMENT DISTRICT

Special Investigation
April 1, 2016

Justin P. Wilson, Comptroller





STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

Justin P. Wilson
Comptroller

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-9034
PHONE (615) 741-2501

April 1, 2016

Mark Farley, Executive Director
Upper Cumberland Development District
1225 South Willow Avenue
Cookeville, TN 38501

Dear Mr. Farley:

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, conducted a special investigation of selected records of the Upper Cumberland Development, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, 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, appearing to read "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

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SPECIAL INVESTIGATION

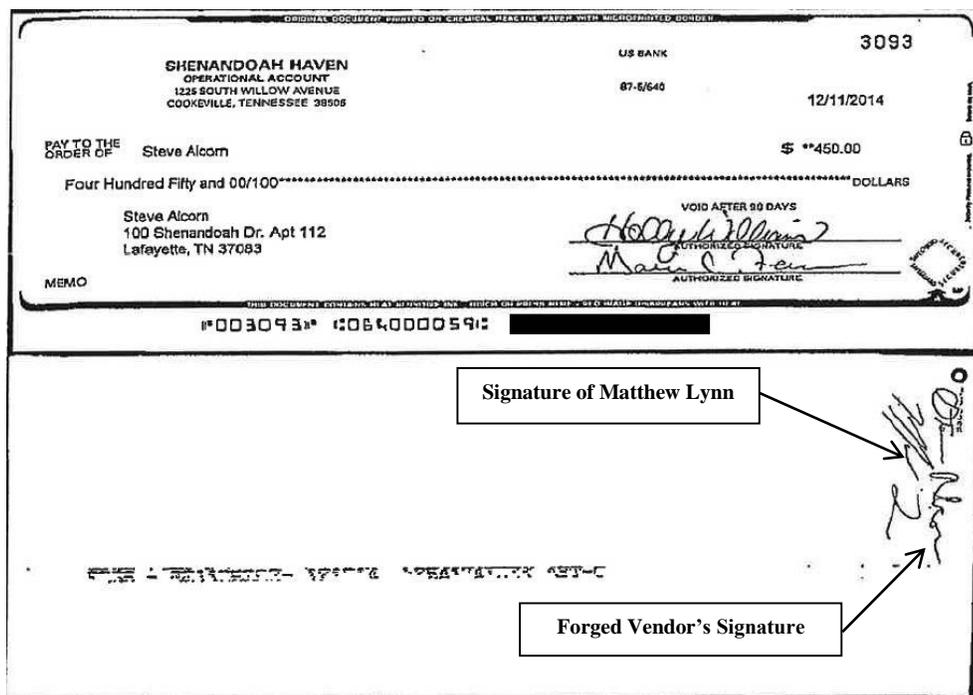
Upper Cumberland Development District

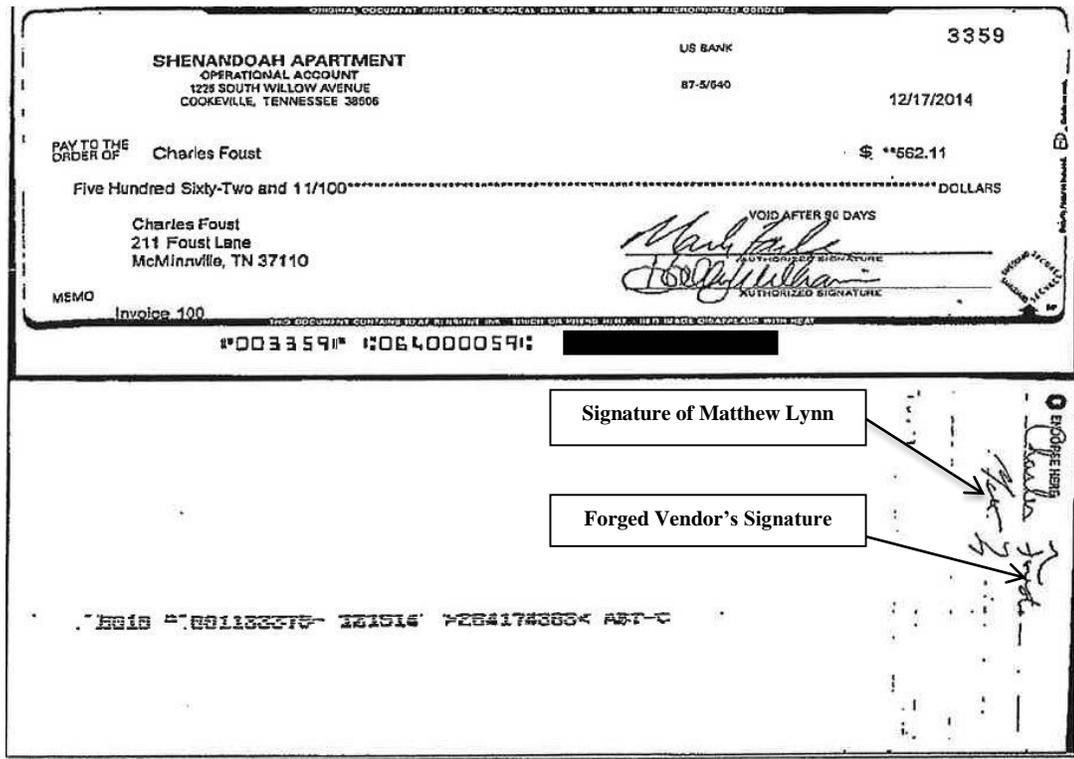
The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Upper Cumberland Development District.

INVESTIGATIVE RESULTS

- Former district employee fraudulently transacted district checks totaling at least \$16,566

During November and December 2014, former finance department employee Matthew Lynn misappropriated agency funds totaling at least \$16,566 by retaining for his personal benefit the proceeds of 33 fraudulent district checks he generated and transacted. To facilitate his scheme, Mr. Lynn created and printed checks made payable to legitimate agency vendors. He effectively concealed the false payments by fabricating and submitting invoices, along with the checks, for management's review and approval. When the signed checks were returned to Mr. Lynn for delivery to the vendors, he transacted them for his own benefit. (Refer to the following examples.)





ORIGINAL DOCUMENT PRINTED ON CHEMICAL BRISTLE PAPER WITH MICROPRINTED BORDER

SHENANDOAH APARTMENT
OPERATIONAL ACCOUNT
1225 SOUTH WILLOW AVENUE
COOKEVILLE, TENNESSEE 38606

US BANK 3359
87-5/640 12/17/2014

PAY TO THE ORDER OF Charles Foust \$ **562.11
Five Hundred Sixty-Two and 11/100 ***** DOLLARS

Charles Foust
211 Foust Lane
McMinnville, TN 37110

VOID AFTER 90 DAYS
AUTHORIZED SIGNATURE
AUTHORIZED SIGNATURE

MEMO Invoice 100

⑈003359⑈ ⑆064000059⑆

Signature of Matthew Lynn

Forged Vendor's Signature

⑈003359⑈ ⑆064000059⑆

This matter was referred to the local district attorney general. In March 2016, Mr. Matthew Lynn pled guilty on an information to one count of theft over \$1,000. Mr. Lynn had previously paid \$16,566.85 in restitution to the Upper Cumberland Development District.

ADDITIONAL ISSUES

Our investigation revealed significant deficiencies in financial processes that contributed to the former treasurer's ability to perpetrate his misappropriation without prompt detection. These financial process deficiencies included:

- Agency officials failed to separate financial duties adequately or to provide increased oversight when appropriate. The former finance department employee was responsible for initiating the request for checks to vendors and then was given custody of the completed, signed checks.

The agency officials have corrected these deficiencies.