



ARLINGTON MIDDLE SCHOOL DANCE TEAM BOOSTER CLUB

Comptroller's Investigative Report
June 2, 2017

Justin P. Wilson, Comptroller





STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

Justin P. Wilson
Comptroller

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Jason Mumpower
Chief of Staff

June 2, 2017

President and Booster Club Officers
Arlington Middle School Dance Team Boosters
5470 Lamb Road
Arlington, TN 38002

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Arlington Middle School Dance Team Booster Club, 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 cursive script, appearing to read "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

Arlington Middle School Dance Team Booster Club

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Arlington Middle School Dance Team Booster Club (booster club). The Comptroller's Office initiated the investigation after officials with Arlington Community Schools reported potential malfeasance related to the booster club.

INVESTIGATIVE RESULTS

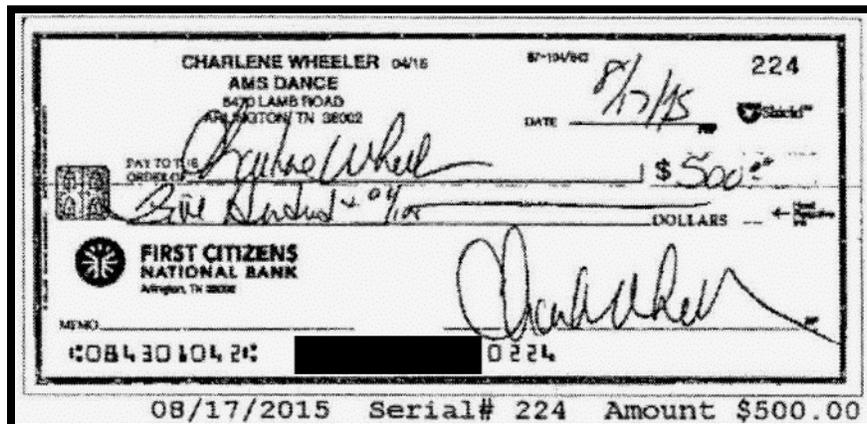
- **Former treasurer misappropriated dance team booster club funds totaling at least \$11,059**

During the period April 2015 through December 2015, former booster club treasurer Charlene Wheeler misappropriated at least \$11,059 from the booster club for her personal benefit. Ms. Wheeler used at least three schemes to perpetrate the misappropriation:

Unauthorized Checks

Ms. Wheeler issued unauthorized booster club checks totaling at least \$7,767 for her personal benefit. Ms. Wheeler wrote booster club checks payable to herself, to cash, and to a local business and used these funds for her personal benefit. [Refer to Exhibit 1.]

Exhibit 1



Ms. Wheeler concealed some of these unauthorized checks by:

- Indicating falsely that some of the checks payable to herself were reimbursements for booster club expenses. Ms. Wheeler admitted to investigators that these checks were for her personal benefit and were not reimbursements.
- Indicating falsely that booster club checks payable to cash were to pay booster club expenses. Ms. Wheeler admitted to investigators that she did not use the cash to pay booster club expenses; instead, she kept the cash for her personal benefit.

Personal Purchases

Ms. Wheeler made personal purchases totaling at least \$3,132 using the booster club's debit card. Ms. Wheeler used the debit card to make purchases at Six Flags St. Louis, to pay her vehicle loan from Hyundai Motor Finance, and to pay her utilities from Memphis Light, Gas and Water. [Refer to Exhibit 2.]

Exhibit 2

CHECKING		CHARLENE WHEELER AMS DANCE TEAM		Acct
----- Miscellaneous Credits -----				
Date	Deposits	Withdrawals	Activity Description	
9/02	4,200.00		DEPOSIT	
----- Miscellaneous Debits -----				
Date	Deposits	Withdrawals	Activity Description	
9/11		675.00	HMF/HMFUSA.com	
----- ATM/POS Transaction Summary -----				
Date	Deposits	Withdrawals	Location	
9/03		5.46	POS PURCHASE	
9/08		2.18	Amazon Video On Demand 866-216-1072	
9/08		4.37	POS PURCHASE	
9/10		234.59	Amazon Video On Demand 866-216-1072	
9/14		3.27	POS PURCHASE	
			SIX FLAGS ST LOUIS 06369385300 MO	
			AMAZON VIDEO ON DEMAND 866-216-1072	

Payment to Hyundai Motor Finance for Ms. Wheeler's personal automobile

Ms. Wheeler's personal vacation expense

ATM Withdrawals

Ms. Wheeler withdrew cash from the booster club bank account totaling at least \$160. Ms. Wheeler stated to investigators that she obtained the cash for her personal use.

Ms. Wheeler told Comptroller investigators that she used the booster club funds for her personal benefit without the knowledge or authority of other booster club officials. Comptroller investigators noted that, beginning in September 2015, Ms. Wheeler apparently began depositing personal funds into the booster club bank account and personally paying booster club debt amounting to \$7,267. These deposits and payments were less than the amounts she had improperly taken.

Summary of Misappropriation by Former Treasurer Charlene Wheeler

Method	Amount
Total Unauthorized Checks	\$ 7,767.00
Personal Debit Card Purchases	3,132.00
ATM Withdrawals	160.00
Total	<u>\$11,059.00</u>

These matters were referred to the local district attorney general. In May 2017, the Shelby County Grand Jury indicted Charlene Wheeler on one count of Theft of Property over \$10,000.

ADDITIONAL ISSUES

Section 49-2-604(e), *Tennessee Code Annotated*, requires that a school support organization’s officers ensure that funds are safeguarded and that the organization adopt and maintain a written policy specifying reasonable procedures for accounting, controlling, and safeguarding school support organization money and other property. The statute further authorizes the Tennessee Comptroller of the Treasury to prepare such a model financial policy for the school support organizations. In June 2008, the Comptroller’s Office published the “Model Financial Policy for School Support Organizations,” which provides minimum controls to assist in improving accountability over school support organization funds.

Our investigation revealed that the booster club’s failure to fully implement the model financial policy resulted in significant deficiencies in the booster club’s financial processes. These deficiencies contributed to the former treasurer’s ability to perpetrate her misappropriation without prompt detection. These financial process deficiencies included:

- Booster club officials failed to separate financial duties adequately or to provide increased oversight when appropriate. The former treasurer received collections, prepared and

delivered deposits to the bank, was frequently the preparer and sole signer on checks, and was the only official who reviewed bank statements.

- Booster club officials did not require or retain adequate supporting documentation for disbursements and other withdrawals.
- Booster club officials did not ensure that two authorized signatures were included on all checks.
- Booster club officials did not adequately oversee, document, or account for all fundraising and other collection activities.

The officers of the Arlington Middle School Dance Team Booster Club have indicated they have corrected or intend to correct these deficiencies.