



COMPTROLLER'S INVESTIGATIVE REPORT

Obion County Rebel Sliders Baseball Booster Club

October 7, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

October 7, 2022

Director of Schools
and Obion County Board of Education
1700 North Fifth St
Union City, TN 38261

Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Obion County Rebel Sliders Baseball Booster Club, 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 27th 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 "J. E. Mumpower", written over a light blue horizontal line.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

OBION COUNTY REBEL SLIDERS BASEBALL BOOSTER CLUB

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Obion County Rebel Sliders Baseball Booster Club. The investigation was initiated after Obion County school officials reported missing funds. The investigation was limited to selected records for the period from June 1, 2018, through August 31, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 27th Judicial District.

BACKGROUND



Obion County Central High School (OCCHS) is in Troy, Tennessee. OCCHS serves students in grades nine through 12 and operates under the purview of the Obion County School System. Established in 2011, the Obion County Rebel Sliders Baseball Booster Club (club) school support organization (SSO) formed to support the OCCHS baseball team whose season begins in March and concludes in May each year. Allison Baldwin (Baldwin) served as treasurer of the club from June 2018 through June 2021. As treasurer, Baldwin had signatory authority on the club's bank account and was responsible for reconciling the club's bank account, collecting and

depositing funds from fundraisers and donations, paying club-related expenses, and filing SSO annual financial documents with the school board. Baldwin retained control of the club's bank account until August 2021.

RESULTS OF INVESTIGATION

1. FORMER TREASURER ALLISON BALDWIN MISAPPROPRIATED FUNDS FROM THE OBION COUNTY REBEL SLIDERS BASEBALL BOOSTER CLUB TOTALING AT LEAST \$9,159.64

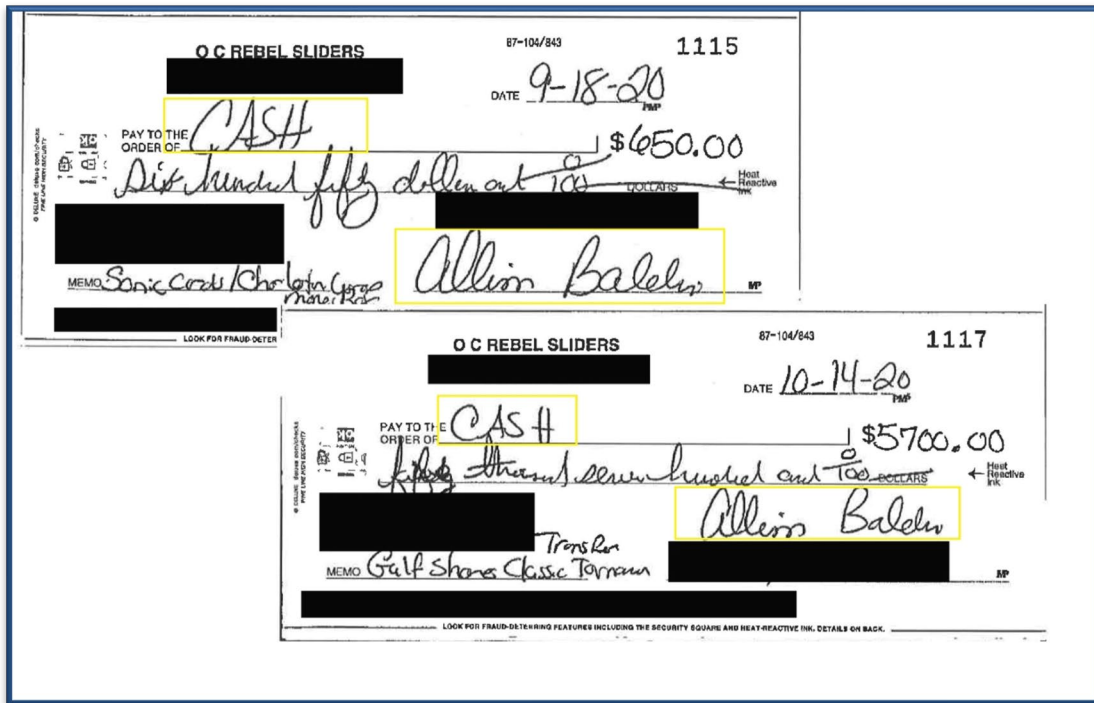
During the period of June 1, 2018 through August 31, 2021, former Obion County Rebel Sliders Baseball Booster Club Treasurer Allison Baldwin misappropriated club funds totaling at least \$9,159.64. Baldwin perpetrated her scheme by writing unauthorized checks payable to "Cash",

making unauthorized ATM withdrawals, and making a personal purchase using the club's debit card, as further described below:

A. Baldwin wrote unauthorized club checks payable to "Cash" totaling \$6,350

Official club bank statements revealed Baldwin wrote two checks payable to "Cash" totaling \$6,350: one check dated September 18, 2020, for \$650 and a second check dated October 14, 2020, for \$5,700. The memo line on the checks indicated that the cash was for change needed for a money box and a baseball tournament in Gulf Shores, Alabama, that the team was planning to attend. **(Refer to Exhibit 1)**. Investigators determined that there was no reason the club would need change, and no other club officers were aware that the club had a money box. Investigators confirmed that the team planned to participate in the Gulf Shores Classic Tournament, and club members were led to believe that the \$5,700 was used for team lodging accommodations. However, the club was notified by Baldwin at the beginning of 2021 that due to a lack of funds, the team would not be able to attend. Baldwin stated to investigators that she wrote a check payable to "Cash" for \$5,700 that was intended to purchase a money order for lodging for the players and coaches. Baldwin then admitted to investigators that she never purchased the money order, and she took the \$5,700 for personal use. Baldwin claimed that the \$650 check was used for change for a money box. When investigators questioned Baldwin why no other club officers were aware of a money box, her response was that she did not know. As required by the *Model Financial Policy* issued by the State Comptroller, both checks had two signatures. However, Baldwin and the former club president (who is also Baldwin's father), informed investigators that they would pre-sign blank checks prior to making purchases. Investigators confirmed that the funds were not re-deposited into the club's bank account.

Exhibit 1



The image shows two checks from Obion County Rebel Sliders. The first check is dated 9-18-20 for \$650.00, payable to CASH, with a memo 'Sonic cards / Chris...'. The second check is dated 10-14-20 for \$5700.00, payable to CASH, with a memo 'Gulf Shores Classic Tournament'. Both checks are signed by Allison Baleler and have a second signature.

Checks written payable to "CASH" by Baldwin.

B. Baldwin used the club's debit card to make unauthorized ATM withdrawals totaling \$2,610

Investigators identified seven transactions between January and May 2021 where Baldwin used the club's debit card to make unauthorized ATM cash withdrawals totaling \$2,610. Investigators confirmed that there was no reason the club would have withdrawn any cash from the ATM. When investigators questioned Baldwin about these withdrawals, she admitted she took money from the ATM numerous times for personal use and estimated the amount to be approximately \$2,000. Investigators confirmed that the funds were not re-deposited into the club's bank account.

Summary of Baldwin's ATM Transactions	
Date	Amount
1/6/2021	\$500
1/7/2021	500
1/8/2021	200
2/10/2021	500
2/23/2021	250
5/17/2021	300
5/18/2021	<u>360</u>
Total	\$2,610

C. Baldwin used the club's debit card for an unauthorized purchase totaling \$199.64

Investigators discovered that on November 13, 2020, Baldwin used the club's debit card to pay a condominium reservation fee to Liquid Life Vacation Rentals totaling \$199.64. The reservation was for a three-bedroom condominium (maximum occupancy 8) in Gulf Shores, Alabama, for the dates of March 27, 2021, through April 6, 2021. Baldwin made a handwritten note on club records alleging the purchase was for "Coach's condo Gulf Coast Tournament." Investigators confirmed this transaction was facilitated after Baldwin withdrew the \$5,700 referenced above for lodging accommodations associated with the tournament. The tournament was scheduled for March 15, 2021, through March 18, 2021, approximately two weeks prior to the reservation dates. Investigators reviewed documentation showing the reservation was later canceled, and the company sent Baldwin a refund check for \$101.64 (a hotel booking charge for \$98 was not refunded from the \$199.64). Investigators confirmed that on February 8, 2021, the \$101.64 check was endorsed and cashed by Baldwin. However, the funds were not deposited back into the club's bank account. **(Refer to Exhibit 2).** Baldwin admitted to investigators that she may have mistakenly cashed the refund check for personal use since it was made out to her since her family had rented a condominium from the same company.

Exhibit 2

Booking 1 (7 Nights) – Seawind 1703. (3 BR, 2 BA, Max. Occupancy 8)		
ARRIVAL	DEPARTURE	DATE BOOKED
Saturday 03/27/2021 - 3:00 PM	Saturday 04/03/2021 - 10:00 AM	Friday 11/13/2020

Baldwin's reservation details from Liquid Life Vacation Rentals.

Baldwin was able to conceal her misappropriations by altering club records and falsifying annual financial reports before submitting the documents to school officials. Baldwin altered the records to make it appear as if the fraudulent transactions were legitimate club purchases. **(Refer to Exhibit 3)**. Details such as the payee, transaction type, date, and amount were altered. As treasurer, Baldwin was solely responsible for preparing financial records and submitting financial reports to officials. While other club officers signed the reports before submission to school officials, they stated to investigators they never asked questions or asked to see records because they trusted Baldwin.

Exhibit 3

ATM/POS Transaction Summary				Official bank statements reflecting ATM withdrawals
Date	Deposits	Withdrawals	Location	
1/06		500.00	ATM WITHDRAWAL [REDACTED] 1520 REELFOOT UNION CITY [REDACTED] 01/05 16:36	
1/07		500.00	ATM WITHDRAWAL [REDACTED] 100 WASHINGTON UNION CITY [REDACTED] 01/06 16:27	
1/08		200.00	ATM WITHDRAWAL	
ATM/POS Transaction Summary				Altered statements submitted to school officials by Baldwin
Date	Deposits	Withdrawals	Location	
1/06		500.00	POS PURCHASE SWINGRAIL 2627017218 WI 0000 [REDACTED] 01/06 01:37	
1/07		435.10	POS PURCHASE LOWE'S #1704 UNION CITY TN 001 [REDACTED] 01/07 11:44	
1/08		264.90	POS PURCHASE SQU*SQ *OWN THE ZONE S Paducah KY [REDACTED] *****9719 01/08 21:58	
		229.50	POS PURCHASE E.W. JAMES AND UNION CITY TN 362178	

Altered statements submitted to school officials by Baldwin reflecting different payees, transaction types, dates, and amounts than what was reflected on official bank statements.

Summary of Baldwin's Misappropriation		Amount
A.	Checks Written payable to Cash	\$6,350
B.	Unauthorized ATM Withdrawals	2,610
C.	Unauthorized Debit Purchase	<u>199.64</u>
Total		\$9,159.64

2. FORMER TREASURER ALLISON BALDWIN USED CLUB FUNDS FOR QUESTIONABLE PURCHASES TOTALING AT LEAST \$7,753.59

Investigators determined Baldwin made at least 65 questionable purchases using club funds totaling at least \$7,753.59. Analysis of official bank records revealed 47 debit card transactions totaling \$4,199.74 and 18 check transactions totaling \$3,553.85 for which Baldwin could not provide supporting documentation. These transactions occurred at various retail and food establishments. Baldwin originally stated that she had turned the receipts over to the club; however, she then claimed that the receipts were in her home safe that was stolen during a burglary in June 2021. Due to the lack of supporting documentation, investigators could not determine whether the purchases were used exclusively for the benefit of the club.

On October 4, 2022, the Obion County Grand Jury indicted Allison Baldwin on one count of Theft of Property over \$2,500.

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.

[Obion County Rebel Sliders Baseball Booster Club Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Officers of the club, like officers of all other school support organizations, are required to ensure the funds and property of their organization are safeguarded and used only for purposes related to

the goals and objectives of the organization. To assist such officers in discharging their duties, the Comptroller, pursuant to Tenn. Code Ann. § 49-2-610, published the “Model Financial Policy for School Support Organizations (Procedures Manual)” (*Model Financial Policy*), which prescribes a set of accounting controls to ensure 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 Baldwin’s ability to perpetrate her misappropriation without prompt detection:

Deficiency 1: Club officials did not acquire or retain invoices, vendor receipts, or other adequate supporting documentation for some disbursements

Club officials did not acquire or retain invoices, vendor receipts, or other adequate supporting documentation for some disbursements. Tenn. Code Ann. § 49-2-604(c) requires that a school support organization maintain, at a minimum, detailed statements of receipts and disbursements. The *Model Financial Policy* requires school support organizations to obtain and file invoices for all disbursements to show that funds were used appropriately. Requiring documentation, such as invoices or receipts, allows club officers to verify that the payment is proper and reasonable. Without adequate supporting documentation, investigators were unable to determine whether some of the club’s disbursements were for legitimate expenses.

Deficiency 2: Club officials failed to implement adequate internal controls over the use of debit cards

Club officials did not establish adequate internal controls over the authorized use of debit cards that were used for making purchases and ATM withdrawals. The *Model Financial Policy* requires the use of debit cards must be authorized by the club officers and/or board of directors on an annual basis.

Deficiency 3: Club officials failed to segregate financial duties adequately

Club officials failed to segregate incompatible financial duties. The club’s treasurer received and counted collections, made disbursements, prepared and delivered deposits to the bank, and received the club bank statements. Investigators noted that she was the sole reviewer of the bank statements, which allowed her scheme to remain undetected.

Deficiency 4: Club officials failed to oversee, document, or account adequately for the proceeds of fundraising activities

Club officials did not comply with the requirements to oversee, document, or account adequately for the proceeds of fundraising activities. Officials failed to issue receipts for applicable collections or prepare count sheets signed by two responsible individuals. As a result, investigators could not verify the amount of funds collected by the club. The *Model Financial Policy* sets forth required collection procedures to account for proceeds from fundraisers and other collections.

Deficiency 5: Club officials failed to reconcile and review bank statements promptly

Club officials failed to reconcile and review bank statements promptly. Club officials did not comply with the *Model Financial Policy*, which allowed for multiple ATM withdrawals and checks written payable to “Cash.” The *Model Financial Policy* requires that bank statements be reconciled promptly, and a copy of the bank statements and imaged checks be included in the minutes of club meetings. The review and reconciliation of bank statements are necessary procedures to ensure all cash collections and disbursements are recorded accurately in the accounting records.

Deficiency 6: Club officials pre-signed checks and did not require two signatures on some checks

Club officials pre-signed checks and did not require two signatures on some checks. The *Model Financial Policy* states that the pre-signing of blank checks shall never be allowed and requires two signatures on checks to ensure all disbursements benefit the SSO. Having two signatures provides a degree of control for disbursements by indicating that both signers agree that the payment is proper and reasonable.

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