



JEFFERSON COUNTY HIGH SCHOOL BAND BOOSTER CLUB

Special Investigation
September 3, 2015

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

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**Justin P. Wilson
Comptroller of the Treasury**

September 3, 2015

President and Officers of the Jefferson County
High School Band Booster Club
P. O. Box 444
New Market, TN 37820

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted a special investigation of selected records of the Jefferson County High School Band 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 black ink, appearing to read "Justin P. Wilson".

Comptroller of the Treasury

JPW/RAD

SPECIAL INVESTIGATION

JEFFERSON COUNTY HIGH SCHOOL BAND BOOSTER CLUB

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Jefferson County High School Band Booster Club (the “band booster club”).

INVESTIGATIVE RESULT

1. Former treasurer misappropriated band booster club funds totaling at least \$12,827

During the period November 2012 through February 2014, former treasurer Kathleen Lowery misappropriated band booster club funds totaling at least \$12,827. Ms. Lowery perpetrated the misappropriation by making payments from the band booster club bank account to her personal Discover and GE (Sam’s Club/Walmart) credit card accounts. She also made unauthorized cash withdrawals from the band booster club bank account and withheld cash from a cook-out fundraiser, retaining the cash for her personal benefit. Ms. Lowery prepared false financial reports and presented the false information at band booster club meetings, effectively concealing the fraudulent payments and withdrawals.

Ms. Lowery admitted to investigators that she paid her personal credit cards with band booster club funds and that she withheld or withdrew band booster club cash for her personal benefit, without the knowledge of or authorization from the board. She also admitted that she concealed her misappropriation from other club officers by omitting these withdrawals on the monthly financial reports. After admission of her misappropriation to Comptroller investigators, Ms. Lowery made deposits totaling \$10,830 into the band booster club bank account as of August 25, 2015, per club officials. Ms. Lowery stated she deposited money to pay back what she had taken. The table below sets forth the misappropriated amounts:

Summary of Misappropriation by Former Treasurer Kathleen Lowery

Method	Amount
Payments to personal Discover credit card account	\$ 7,087.28
Cash withdrawals retained for personal benefit	2,750.00
Payments to personal GE (Sam’s Club/Walmart) credit card account	2,489.84
Change/collections withheld from cookout fundraiser	<u>500.00</u>
Total Misappropriation	<u><u>\$12,827.12</u></u>

This matter was referred to the local district attorney general. On August 24, 2015, the Jefferson County Grand Jury indicted the former band booster club treasurer, Kathleen Lowery, on one count of Theft over \$10,000.

ADDITIONAL ISSUES

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

- Band 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, prepared and was the sole signer on most checks, and was the only official who reviewed bank statements.
- Band booster club officials did not require and retain adequate supporting documentation for disbursements and other withdrawals.
- Band booster club officials required only one signature on checks.

The officers of the Jefferson County High School Band Booster Club have indicated they have corrected or intend to correct these deficiencies.