



MANCHESTER-COFFEE COUNTY CONFERENCE CENTER

Comptroller's Investigative Report
March 3, 2017

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

Justin P. Wilson
Comptroller of the Treasury

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March 3, 2017

Members of the Board of Directors
The Public Building Authority of Coffee County, Tennessee
147 Hospitality Blvd.
Manchester, TN 37355

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Manchester-Coffee County Conference Center, 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

INVESTIGATIVE REPORT

Manchester-Coffee County Conference Center

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Manchester-Coffee County Conference Center (conference center).

The conference center is a joint venture between the City of Manchester and Coffee County, and is included as a component unit of Coffee County, Tennessee. The Public Building Authority of Coffee County, Tennessee (PBA) is responsible for the operation of the conference center.

INVESTIGATIVE RESULTS

- **Former conference center general manager Alyce Heifner misappropriated funds totaling at least \$31,000**

During the period July 2014 through October 2015, former general manager Alyce Heifner misappropriated at least \$31,000 from the conference center. Ms. Heifner used multiple schemes to perpetrate her misappropriation.

- Without PBA board knowledge or approval, Ms. Heifner charged personal purchases totaling at least \$21,900 to conference center credit cards. These personal purchases included clothing and costs related to a personal trip to Europe. **[Refer to Exhibit 1 at the end of this report.]**
- Without board knowledge or approval, Ms. Heifner made personal purchases totaling at least \$6,100 using a conference center debit card. These purchases included a big screen TV and an SUV rented for personal use. **[Refer to Exhibit 2 at the end of this report.]** Ms. Heifner made additional debit card purchases totaling \$6,800 for which documentation was insufficient to determine whether the conference center received any benefit.
- Ms. Heifner withdrew cash totaling at least \$1,900 from a conference center bank account and retained the proceeds for her personal benefit.
- Ms. Heifner requested and received compensation totaling at least \$980 for hours that she did not work and for which she did not have available vacation leave. Investigators discovered that Ms. Heifner requested and received pay for days that she purportedly worked while she was actually on a personal trip to Europe.

- Ms. Heifner requested and received reimbursement totaling at least \$76 related to a purchase that she actually charged to the conference center debit card.

Ms. Heifner concealed these purchases and payments from the PBA board and conference center staff by removing certain pages of the bank statements and all pages of some credit card statements. She also prepared and submitted to the PBA board incorrect and misleading financial reports that concealed the worsening financial condition of the conference center.

Ms. Heifner admitted to Comptroller investigators that she took conference center money for her personal benefit. She stated that she took the money because she was angry at the PBA board for not supporting her and because she was angry at the Coffee County community for the way she was treated. Ms. Heifner resigned her position as general manager on December 4, 2015.

Summary of Misappropriated Funds by Alyce Heifner	
Method of Misappropriation	Amount
Personal purchases using conference center credit cards	\$21,956
Personal purchases using conference center debit card	6,177
Cash withdrawal from conference center bank account retained for personal use	1,902
Pay for hours not worked	986
Reimbursement for expense not incurred	76
Total Misappropriation	<u>\$31,097</u>

This matter was referred to the local district attorney general. In December 2016, the Coffee County Grand Jury indicted Alyce Heifner on one count of Theft of Property over \$10,000 and two counts of Official Misconduct.

ADDITIONAL ISSUES

Our investigation revealed significant deficiencies in financial processes that contributed to the former general manager's ability to perpetrate her misappropriation without prompt detection. Several of these deficiencies were noted for multiple years in the conference center's annual financial audit. These financial process deficiencies included:

- PBA board members failed to separate incompatible financial duties at the conference center or to provide increased oversight when appropriate. The former general manager opened the mail, which provided her the opportunity to remove credit card statements and other records, helping to effectively conceal her misappropriation. The board

members did not review bank statements or other financial documents. Instead they relied on financial reports prepared by the former general manager. In addition, the board failed to review and reconcile the former general manager's leave and attendance records.

- PBA board members did not require and retain adequate supporting documentation for some disbursements and withdrawals.
- PBA board members did not require two signatures on all checks.
- PBA board members failed to ensure the proper recording and reporting of all employees' compensation to the Internal Revenue Service (IRS). Conference center employees received gift cards in amounts ranging from \$150 to \$500 each as Christmas bonuses. These payments appear to be taxable fringe benefits per IRS regulations. Employees also received a \$50 check as a year-end bonus. Ms. Heifner intentionally and incorrectly directed staff to classify these year-end bonuses as reimbursements. As a result, the PBA did not properly report these gift cards and bonus checks as compensation to the employees.

The public building authority board of directors indicated that they have corrected these deficiencies.

Airfare to Europe Charged to Conference Center Visa Card

1	18 JUL	LOGANS #499MANCHESTERTN	\$21.11
2	20 JUL	KANGAROO EXP #3559MANCHESTERTN	\$40.00
3	25 JUL	BIG LOTS STORES - #0331TULLAHOMATN	\$768.24
4	26 JUL	EXPEDIA*EXPEDIA.COM877-787-7186NV	\$375.52
5	27 JUL	TARGET 00011262MURFREESBOROTN	\$117.85
6	27 JUL	WM SUPERCENTER #667TULLAHOMATN	\$949.97
7	29 JUL	KANGAROO EXP #3559MANCHESTERTN	\$45.00
8	29 JUL	RENEGADE FURNITURE GRO888-221-4446NY	\$875.00
9	31 JUL	NEW YORK & CO #126MURFREESBOROTN	\$97.48
10	01 AUG	ROYAL CARIBBEAN CRUISES800-327-6700FL ARRIVE: 08/01/14	\$3,776.98
11	09 AUG	KANGAROO EXP #3559MANCHESTERTN	\$50.00
12	09 AUG	ACADEMY SPORTS #158SMYRNATN	\$175.61



Booking Confirmation - Agent Copy

Issue Date: 19 DEC 2014
Confirmation Copy #: 23

General Information

J A TRAVEL Attn: SARAH 8656875321 5018 N BROADWAY ST KNOXVILLE, TN-37918 UNITED STATES	Reservation ID: 4918160 (Group ID Not Applicable) Ship: SERENADE OF THE SEAS Departure Date: 10 JUN 2015 Itinerary: 11N ULTIMATE SCANDINAVIA-RUSSIA CRUISE Stateroom: I-3106 Large Ocean View Stateroom Sailing Date: 17 JUN 2015 Promo Restrictions: Discount	Booking Date: 07 JUL 2014 Booking Status: Booked
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Guest Information

Guest Name	Guest #1	Guest #2	Guest #3	Guest #4
ALYCE HEIFNER	300652038	Guest's name redacted		
Crown & Anchor Number	300652038			
Age Range	25 - 45			
Dining	8:30 PM()			
Departure Airport	ATLANTA(ATL)			
Special Services				

Stateroom Dining With Booking ID:

Booking Charges	Guest #1	Guest #2	Guest #3	Guest #4	Total	Comm/Admin Rate	Comm/Admin Amount
Currency: USD							
Cruise Fare	1669.00	1669.00	0.00	0.00	3338.00	10%	333.80
Non Comm Cruise Fare	330.00	330.00	0.00	0.00	660.00	0%	0.00
BOGOHO	0.00	-835.00	0.00	0.00	-835.00	10%	-83.50
BOGOHO	0.00	-165.00	0.00	0.00	-165.00	0%	0.00
Pre Cruise Package	336.43	336.43	0.00	0.00	672.86	10%	67.28
Gratuities	132.00	132.00	0.00	0.00	264.00	0%	0.00
Shore Excursions	793.75	793.75	0.00	0.00	1587.50	0%	0.00
ChoiceAir Charges	1888.49	1888.49	0.00	0.00	3776.98	0%	0.00
Taxes, fees, and port expenses	201.88	201.88	0.00	0.00	403.72	0%	0.00
Gross Charges	5351.53	4351.53	0.00	0.00	9703.06	0%	0.00
Comm/Admin	200.54	117.04	0.00	0.00	317.58	0%	317.58
Net Charges	5150.99	4234.49	0.00	0.00	9385.48		
Amount Paid					8764.48		

Exhibit 2

Car Rental for Personal Use Charged to Conference Center Debit Card

te	Description of Transaction	Ref Number	Amount
1	Debit Purchase - VISA MARATHON PETRO14 *****0693	On 063015 TULLAHOMA TN REF # 24299105181002979271404	1002979271 \$ 43.00-
2	Debit Purchase - VISA LOS 3 AMIGOS 1, *****0693	On 070115 MANCHESTER TN REF # 24224435183104034830353	3104034830 29.54-
6	Debit Purchase - VISA COFFEE CAFE *****0693	On 070215 931-9540440 TN REF # 24019545184572800283961	4572800283 35.69-
6	Debit Purchase - VISA BELK #380 MUFREE *****0693	On 070515 MURFREESBORO TN REF # 24445005187600228780072	7600228780 94.35-
13	Debit Purchase - VISA COURTYARD GRILLE *****0693	On 071015 ALCOA TN REF # 24755425192271924547897	2271924547 392.67-
14	Debit Purchase - VISA KROGER #561 *****0693	On 071315 TULLAHOMA TN REF # 24445005194300353568464	4300353568 33.37-
14	Debit Purchase - VISA MARATHON PETRO09 *****0693	On 071315 SWEETWATER TN REF # 24299105194001211233516	4001211233 48.00-
14	Debit Purchase - VISA MARGARITAVILLE *****0693	On 071115 407-2243223 TN REF # 24789305194659502012759	4659502012 136.86-
15	Debit Purchase - VISA SWEET TEA BAKERY *****0693	On 071415 MANCHESTER TN REF # 2445388519600015211873	6000015211 71.10-
15	Debit Purchase - VISA ENTERPRISE RENT- *****0693	On 071415 TULLAHOMA TN REF # 24164075195018425641645	5018425641 920.80-

EAN HOLDINGS, LLC, 708 N JACKSON ST, TULLAHOMA, TN 373883544 (931) 455-2511

RENTAL AGREEMENT REF#
181183 1NTHSL

RENTER
HEIFNER, ALYCE/BUSINESS EMP

DATE & TIME OUT
07/09/2015 08:24 AM
DATE & TIME IN
07/14/2015 09:32 AM

BILLING CYCLE
24-HOUR

VEH #1 2015 CHEV TAHO 1TN4
VIN# 1GNSKBKCLFR239428
LIC# U6665P
MILES DRIVEN 692

SUMMARY OF CHARGES

Charge Description	Date	Quantity	Per	Rate	Total
TIME & DISTANCE	07/09 - 07/14	1	WEEK	\$687.95	\$687.95
DW	07/09 - 07/14	6	DAY	\$16.99	\$101.94
SLP	07/09 - 07/14	6	DAY	\$12.99	\$77.94
FUEL SERVICE OPTION	07/09 - 07/14				\$33.60
Subtotal:					\$901.43

DISCOUNT - CUSTOMER
SATISFACTION - RATE AND MILEAGE 07/09 - 07/14 10% (\$68.80)

Taxes & Surcharges					
3% TN RENTAL SURCHARGE	07/09 - 07/14			3%	\$25.06
BUSINESS TAX	07/09 - 07/14			0.3%	\$2.50
SALES TAX	07/09 - 07/14			9.75%	\$60.61
Total Charges:					\$920.80

Bill-To / Deposits
DEPOSITS (\$920.80)

Total Amount Due \$0.00

PAYMENT INFORMATION
AMOUNT PAID \$920.80
TYPE Visa

CREDIT CARD NUMBER
XXXXXXXXXXXX0693

Ms. Heifner admitted to investigators that she intentionally used conference center funds to rent this vehicle for use on a personal trip.