



# COFFEE COUNTY EDUCATION ASSOCIATION

**Special Investigation**  
November 17, 2016

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**Justin P. Wilson, Comptroller**





STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

Justin P. Wilson  
Comptroller

STATE CAPITOL  
NASHVILLE, TENNESSEE 37243-9034  
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November 17, 2016

Coffee County Education Association  
Manchester, TN 37379

Ladies and Gentlemen:

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 Coffee County Education Association, 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

# SPECIAL INVESTIGATION

## Coffee County Education Association

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Coffee County Education Association. The association works with Coffee County Schools to represent teachers and support staff. Stephanie Cunningham, a teacher for Coffee County Schools, served as treasurer of the Coffee County Education Association.

### INVESTIGATIVE RESULTS

- **Former treasurer misappropriated association funds totaling at least \$29,096 by using the association’s debit card and cash for her personal benefit**

During the period May 2013 through November 2015, Stephanie Cunningham, former treasurer of the Coffee County Education Association (association), misappropriated at least \$29,096 from the association. Ms. Cunningham had complete control of the association’s checkbook, bank account, and debit card and employed a variety of methods to expend association funds for her personal use without the authority or knowledge of other officers or members. **[Refer to selected pages from association’s bank statements below.]** These methods included:

- Ms. Cunningham charged personal expenses, including meals at restaurants, jewelry, cosmetics, clothing, and gift cards, on the association debit card.
- Ms. Cunningham made unauthorized cash withdrawals by check and by ATM for her personal benefit.
- Ms. Cunningham made unauthorized transfers from the association bank account to her personal bank account.

Electronic Debits		
Date	Description	Amount
12/16/2013	Debit Card Transaction MCDONALD'S M6403 OF TN;MANCHESTER,TN Terminal ID: 62803MDZ1 Serial #: 060178	20.46
12/16/2013	Debit Card Transaction CRACKER BARREL #3 MANCHES;MANCHESTER,TN Terminal ID: 628405951 Serial #: 014908	74.62
12/16/2013	Debit Card Transaction HOLLISTER #684;MURFREESBORO,TN Terminal ID: 628747840 Serial #: 029839	150.00
12/17/2013	EFT/ACH Debit Internet transfer to checking [REDACTED]	700.00
12/20/2013	Debit Card Transaction OLD NAVY USA;MURFREESBORO,TN Terminal ID: 616951885 Serial #: 683342	105.86
12/23/2013	ATM Cash Withdrawal 1500 HILLSBORO BOULEVARD;MANCHESTER, TN Terminal ID: 00509Y089 Serial #: 000440	100.00

Transfer to personal account

Card Withdrawals (continued)			
Card Number: xxxx-xxxx-xxxx-1354			
Date	Description of Transaction		Amount
Mar 9	Debit Purchase - VISA JAMBERRY NAILS *****1354	On 030815 8017962205 UT REF # 24801975067083717662100	98.78-
Mar 9	Debit Purchase - VISA JAMBERRY NAILS *****1354	On 030715 8017962205 UT REF # 24801975066083346426043	103.71-
Mar 10	Debit Purchase - VISA STARBUCKS #10574 *****1354	On 030915 Manchester TN REF # 24692165068000390087073	3.44-
Mar 10	Debit Purchase - VISA JAMBERRY NAILS *****1354	On 030915 8017962205 UT REF # 24801975068083317146503	90.85-
Mar 12	Debit Purchase - VISA JAMBERRY NAILS *****1354	On 031115 8017962205 UT REF # 24801975070083722319527	49.39-

Personal purchases

Ms. Cunningham told Comptroller investigators that, without the knowledge or consent of the other officers, she used association money to pay for personal items. Comptroller investigators noted that, beginning in July 2013, Ms. Cunningham apparently began depositing personal funds into the association's bank account. These deposits were short of the amounts she had improperly taken, totaling \$25,069 over the period of her misappropriation.

**Summary of Misappropriation by Former Treasurer Stephanie Cunningham**

Method	Amount
Personal purchases	\$ 20,953
Improper cash withdrawals	4,583
Transfers to personal bank account	<u>3,560</u>
<b>Total</b>	<b><u>\$ 29,096</u></b>

This matter was referred to the local district attorney general. On November 8, 2016, the Coffee County Grand Jury indicted Stephanie Cunningham 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:

- Association officials failed to separate incompatible financial duties or to provide increased oversight when appropriate. The former treasurer received collections, prepared and delivered deposits to the bank, frequently prepared and was the sole signer on most checks, and was the only official who reviewed bank statements.
- Association officials did not require or retain adequate supporting documentation for disbursements and other withdrawals.
- Association officials required only one signature on checks.

The officers of the Coffee County Education Association have indicated they have corrected or intend to correct these deficiencies.