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Auditor of State



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How to Catch a Thief

Presented by: Kevin Saionzkowski, CPA, CFE

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Workshop Objectives

- Discuss two AOS cases involving theft of local government money.
- Show examples of how the funds were diverted.



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Village of Mechanicsburg

How did it start?

- Fraud Hotline call from concerned employee indicating a potential theft of public monies.
- Meeting with Village Officials who expressed similar concerns.
- Meeting with County Prosecutor regarding the potential allegations.



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**Village of Mechanicsburg
Summer Celebration Account**

- Donations for the annual fireworks celebration were deposited into this account.
- Ms. Cantrell was responsible for depositing the donations received.
- Both Ms. Cantrell and the Mayor were required to sign for any withdrawals.

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Receipts

In an April 16, 2004 interview, Ms. Cantrell provided the following information about Village of Mechanicsburg Income Tax Collections:

- Used a triplicate receipt book to issue receipts for payment.
- Typically wrote the amount paid on the tax return.
- Receipts were totaled, agreed to the daily receipt journal, and the deposit slip.

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Something about Susan

During the initial interview, Ms. Cantrell admitted:

- Issuing receipts for cash payments and taking the money.
- Destroying receipts issued for cash payments.
- Withdrawing cash from the Summer Celebration account for her personal use.
- Taking between \$6-7,000 of Village monies.

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Summer Celebration Account

Ms. Cantrell used this account to "launder" employer payroll tax withholdings by:

- Depositing payroll remittances from employers or taxpayer's payments into the savings account.
- Withdrawing cash from the savings account without the authorization of the Mayor and spending it.
- A portion of this money was deposited into her bank account.



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Summer Celebration Account – Depositing of Taxpayer funds

SAVINGS DEPOSIT

DATE: 1-10-03

The Citizens National Bank
MECHANICSBURG, OHIO 43044

Handwritten amounts:
 296.27
 104.54
 536.99
 1027.80
 802
 225.40



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Summer Celebration Account – Deposits into Ms. Cantrell's Account

DEPOSIT TICKET

SUSAN L. CANTRELL 4199
136 E SANDUSKY ST. P.O. 937-814-2483
MECHANICSBURG, OH 43044

DATE: 1-10-03

CHAMPAIGN NATIONAL BANK AND TRUST
CELEBRATING 100 YEARS OF SERVICE

Handwritten amounts:
 800.
 800.00
 75.
 725.00



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Summer Celebration Account – Unauthorized Withdrawals



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Summer Celebration Account – Deposits into Ms. Cantrell's Account



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Susan's Payroll

- The Village Clerk's salary was established at \$15,000 per year.
- While reviewing Ms. Cantrell's personal bank account, we noted that she was paid \$19,986 during 2003.
- Upon review of minutes and payroll ledgers for 1996 through April 2004, we confirmed Ms. Cantrell was overpaid \$15,847.

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Village of Mechanicsburg – Former Clerk’s Personal Account

Ms. Cantrell’s deposits also included 20 checks written by the Village to vendors. We noted the following:

- The checks did not include an address of the vendor.
- The checks were signed by Ms. Cantrell when she was Clerk.
- The endorsement appeared to be handwritten by Ms. Cantrell as each check also had James Cantrell and Susan Cantrell written on the back.



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Lessons Learned

- Do not rely on the bank tellers to ensure checks issued to the entity are deposited only into the correct accounts.
- Review endorsements on checks returned by the bank.
- Make sure checks prepared have an invoice to support the payment and the check is completed prior to signing.



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Something About Susan

In the June 24, 2004 interview Ms. Cantrell admitted to:

- Depositing vendor checks into her personal account.
- Voiding receipts and taking the money collected.
- Utilizing the Summer Celebration account to take money.
- That she had taken approximately \$15,000.



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Something About Susan

When asked where the money went, Ms. Cantrell stated she:

“took money every way I could from the Village. I just bought normal stuff, clothes, whatever. I don't gamble or anything. James has a separate account. He pays for everything with the house, mortgage, utilities....”



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Where'd it all go?

A review of the activity in Ms. Cantrell's account identified:

- Wal-Mart - \$3,248
- Lottery/convenience stores - \$8,443
- PAWS - \$15,251
- Bank overdraft charges - \$17,645



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Cause and Effect Mechanicsburg

Charged with:

- 5 Counts of Theft in Office
- 3 Counts of Money Laundering
- 2 Counts of Tampering with Records

Conviction:

- 10 year Prison Sentence
- \$1,000 Fine



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Cause and Effect Mechanicsburg

Restitution ordered:

- \$81,603 in stolen monies to be repaid to the Village
- \$25,000 to repay the Village for the cost of the special audit



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Village of Port William

How did it start?

- While performing a neighboring township's audit an alert AOS employee noticed a suspicious transfer to the Village account
- Inspection of Township minutes showed evidence of alterations on approval for transfer



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Village of Port William

Background

- The township clerk
 - Michelle (Mickey) Ellis – former Village of Port William clerk.
 - Village's clerk was Michelle's husband Rick Ellis.
 - AOS was told Michelle was still handling the Villages Clerk position.



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Village of Port William

Background

- After finding this transfer a decision was made to open the Port William audit one year early.
- Michelle Ellis was not prepared for the audit.



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What we found



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What we should have found!



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What we found



Five Renewed Performance, Inc. invoices totaling \$63,617

Closer examination warranted more investigation

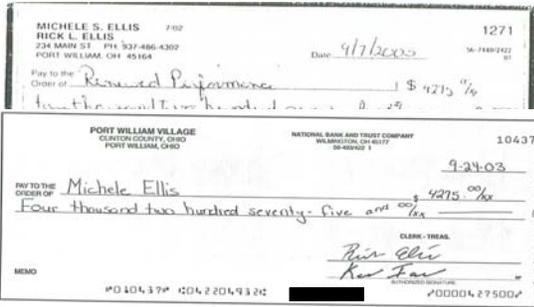
DATE	INVOICE #	DATE	INVOICE #
9/7/2003	4956	11/29/2003	4982



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What we found



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What we should have found!



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What we should have found!



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What we found



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What we found



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Where'd it all go?

Funds were spent for:

- Cell Phones
- Concerts/Professional Wrestling Events
- Psychic Hotline
- To support a secret family.



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**Cause and Effect
Port William**

➤ Charged with:

- 1 Count of Theft
- 1 Count of Forgery
- 1 Count of Tampering with Records

➤ Conviction:
➤ 30 Days in Jail




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**Cause and Effect
Port William**

Restitution Ordered:

- \$55,905.57 in stolen monies to be repaid to the Village
- \$12,000 to repay the Village for the cost of the special audit
- Restitution was made at sentencing



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Closing

Comments

Q & A



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